noranda

1984 ANNUAL REPORT

ANNUAL MEETING

April 26, 1985, 2:30 p.m.
Royal York Hotel, Toronto, Canada

REFERENCE

In this report unless indicated otherwise, divisions and/or companies are wholly owned; production is for the calendar year 1984; tons means short tons of 2,000 lbs.; mineral inventories are as at Dec. 31/84; financial data is in Canadian dollars.

TRANSFER AGENT AND REGISTRAR

Canada Permanent Trust Company, Toronto, Vancouver, Calgary, Winnipeg, Montreal, Saint John, N.B., Halifax, Charlottetown and St. John's, Nfld.

The Chase Manhattan Bank, New York, N.Y.

MULTINATIONAL GUIDELINES

In its international investment and trading activities Noranda continues to respect and adhere to the guidelines for multinational enterprises as established by the OECD. Noranda also supports the work at the United Nations for the development of guidelines to have universal applicability to an enterprise operating outside its home state.

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An English or French edition of this Report may be obtained from the head office of the Company, P.O. Box 45, Commerce Court West, Toronto, Canada, M5L 1B6.

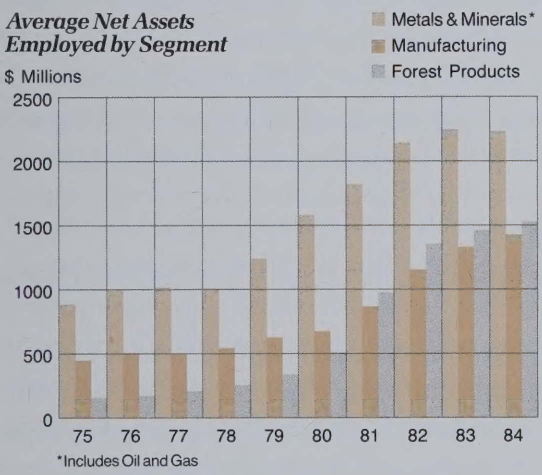
On peut se procurer la version française ou anglaise de ce rapport en en faisant la demande au siège social de la compagnie, B.P. 45, Commerce Court West, Toronto, Canada, M5L 1B6.

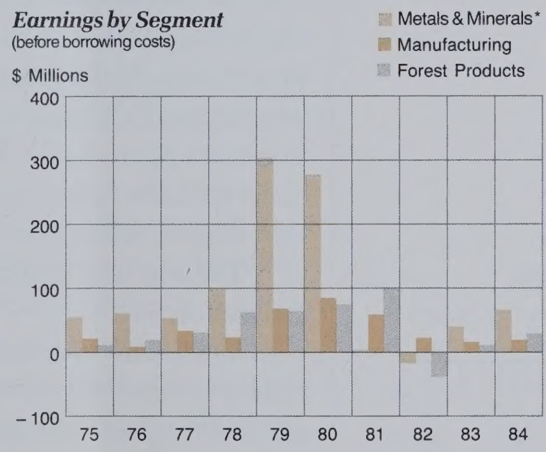
More detailed information may be obtained by writing the Secretary at the address noted above.

noranda

HIGHLIGHTS

$—millions—restated	1980	1981	1982	1983	**1984**
Year					
Revenue	2,889.3	3,030.4	2,830.2	3,106.2	**3,400.1**
Income and production taxes	246.7	62.1	(60.2)	(7.2)	**(4.3)**
Share of earnings (losses) in associates	83.1	(1.5)	(74.7)	(8.7)	**(3.5)**
Earnings (loss)	415.7	169.4	(79.2)	(24.7)	**(4.5)**
December 31					
Working Capital	821.5	867.0	1,041.7	951.9	**740.1**
Long-term debt	580.5	922.3	1,722.9	2,061.8	**2,287.2**
Shareholders' equity	2,027.0	2,900.0	2,740.2	2,644.0	**2,603.6**





OWNERSHIP

December 31, 1984	Registered holders of common shares	Number of shares (000)	Ownership
Canada	24,483	124,325	96.8%
U.S.A.	2,016	2,590	2.0%
Other	380	1,464	1.2%
	Registered holders of preferred shares		
Canada	5,215	3,580	99.9%
U.S.A.	18	2	.1%
Other	10	1	–%

Directors' Report to Shareholders

Earnings (losses) millions

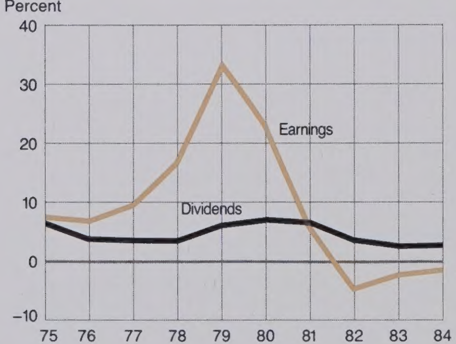
	1983	1984
Metals and minerals	$ 63.7	$ 58.8
Oil and gas	10.7	6.9
Manufacturing	15.2	19.3
Forest products	3.8	28.4
Operating earnings	93.4	113.4
Unusual items	(29.0)	—
Cost of borrowing	(89.1)	(117.9)
Loss	$(24.7)	$ (4.5)

Quarterly operating earnings before borrowing costs

(Millions)	Metals &* Minerals	Manu-facturing	Forest Products	Total
First	$58.2	$ 8.1	$ (9.6)	$ 56.7
Second	31.5	11.4	6.8	49.7
Third	(23.2)	(1.0)	10.1	(14.1)
Fourth	(0.8)	0.8	21.1	21.1
Year	$ 65.7	$ 19.3	$ 28.4	$ 113.4

*Includes Oil & Gas.

Earnings and Dividends
(as a percentage of shareholder's average common equity)



Earnings and Dividends For the third consecutive year, Noranda's results were totally unsatisfactory and the expected return to profitability did not happen. Giving effect in both years to a revised method of accounting for oil and gas expenditures, there was a loss in 1984 of $4.5 million, or 32¢ per share after preferred dividends, compared with a restated profit of $4.3 million in 1983 before unusual items. (After unusual items the restated 1983 loss was $24.7 million, or 50¢ per share.)

Four quarterly dividends of 12.5¢ per share on the common shares were paid during the year for a total of 50¢, the same as in 1983.

Noranda's plans for 1984 and beyond were based on the expectation that the economic recovery would continue in the United States and that there would be an improvement in the level of economic activity in Europe and Japan. This generally happened, although the European recovery was disappointingly weak. In the early months of the year, there was a degree of strength in the markets and prices for a number of Noranda Group products. Beginning in March, however, prices began to erode from levels that were unsatisfactory to start with, and then plunged steeply in the third quarter to levels which in North American currencies were generally below the average levels of 1982. What was not foreseen in Noranda's planning for 1984 was the continued incredible rise in the value of North American currencies, with which these price declines were closely associated.

The quarterly pattern of operating earnings before borrowing costs is shown at left.

Metals and minerals results improved during the first quarter largely as the result of a firm market for zinc. However, prices for most products began to erode towards the end of the quarter and then plunged during the third quarter to levels which in constant dollars were close to record lows. This required substantial inventory write-downs in addition to the impact of reduced prices and, combined with production problems and plant shutdowns, produced a loss for the quarter. There were further inventory write-downs in the fourth quarter associated with weakening zinc and precious metals prices, but with improved production performance there was a nominal profit in spite of certain asset write-offs. Results were adversely affected by a shortage of concentrates to feed the copper metallurgical facilities.

Throughout the year, markets for brass mill products and wire and cable were characterized by sluggish demand and thin margins. The major problem in manufacturing, however, was aluminum where commodity exchange prices dropped nearly 40% from levels reached early in the year. In addition, fourth quarter results were affected by a loss on discontinuation of Norandex's siding business.

In forest products, results early in the year were adversely affected by a ten-week labour dispute in British Columbia, which reduced earnings by an estimated 18¢ per share. Following the resumption of production in April, market prices collapsed and later in the year severe price discounting developed in pulp markets. In addition Fraser's modernized

pulp mill at Atholville, N.B. had a difficult start-up. As a result, forest products earnings were depressed during the final three quarters of the year. Borrowing costs rose as the result of increased debt and the continued high level of interest rates.

The end result was that a first half profit of $48 million was more than offset by a second half loss of $53 million, the bulk of which occurred in the third quarter. In the face of continued economic recovery in the United States, second half results were a major surprise and disappointment which were almost entirely related to currency values.

As in previous years, the only action possible to mitigate the impact of external events on Noranda's performance was continued cost control and cash conservation. A number of operations were closed for varying periods (in some cases throughout the year), capital expenditures other than on ongoing major projects were severely curtailed, salaries of senior staff remained frozen, and a determined effort was continued to ensure that wage and salary changes at other levels were minimized. At the same time, a strong effort to maximize productivity in all its aspects was sustained. While a great deal of success was achieved, it could not come close to offsetting the impact of rising currency values on Noranda's relative international cost structure.

Financial Position Capital expenditures plus deferred expenditures and investments totalled $540 million in 1984 compared with $555 million the previous year. Of the 1984 total, $160 million was for routine projects to improve efficiency and environmental control and to maintain production. The balance of $380 million was spent on the various major projects, the largest single items being the Hemlo and Maclaren programs.

Despite the reported loss, $232 million of cash was generated from operations during the year. Nevertheless, continued dividends and high capital expenditures resulted in a $225 million increase in long-term debt, and net working capital declined by $212 million. As the major programs now underway are completed, capital expenditures will decline substantially and a start will be made on reducing debt levels.

In Memoriam The Directors record their sorrow at the passing of William S. Row on November 12, 1984 at the age of 80. His association with the Noranda Group began in 1937 when he successfully placed the Kerr Addison mine in production. He became President of Kerr Addison in 1958 and Chairman of the Board in 1967, a position from which he retired in 1984. He was also elected a Director and Vice-President of Noranda in 1960, Executive Vice-President in 1965 and Chairman of the Board in 1974. He retired as Chairman of Noranda in 1977 but remained a Director until 1979. Over a span of 47 years, his contributions to the Group were enormous, and he maintained a keen interest in Noranda's affairs to the end. He will be greatly missed.

General Business Environment From Canada's standpoint, the recent economic recovery has been unusually weak. Unemployment remains

unacceptably high and projections for the balance of the decade are bleak. In fact, in industry outside of autos and related sectors, the recovery has largely passed Canada by and the better times have been confined to a very small part of the country. The reason for this is that our economy depends heavily on resources and other primary industry, and we have lost our international competitiveness in these areas.

It is not that Canadian primary industries are inefficient. In resources, we operate world-scale plants that are in the forefront of technology and which have highly productive workforces. By any measure, we are at least as efficient as anything that exists elsewhere in the world. Of necessity, Canadians have made substantial productivity gains since the 1970's, and in the 1970's we competed very efficiently. The problem is our relative cost structure internationally, which has soared over the past five years solely as the result of currency values. The result is that North Americans are now the world's marginal suppliers of primary products.

Over the past five years, the Canadian dollar has depreciated 11% against U.S. currency. In the same period, however, with the U.S. dollar dragging our satellite currency behind it, the Canadian dollar has risen 70% against sterling, over 60% against the deutschemark and nearly 50% against the Swiss franc. When that is coupled with the fact that virtually all of our important international competitors have had major devaluations against European currencies, the impact has been close to lethal.

These valuations have not been confined to developing countries. South Africa is a major competitor in mining—the Canadian dollar has risen 112% against the rand over the past five years. Scandinavia is a major competitor in forest products—here our dollar is up 91% against the Swedish krona over the same period.

Of course, if the competitive advantage gained through devaluation is eaten up by inflation, nothing is changed in the long run, but the changes in currency values have borne no relationship to differential inflation rates. Sweden is an example. There, on average, their aggregate inflation has been similar to that in Canada. Thus, due solely to currency values, Canada's costs in the forest products industry have risen close to 90% in relation to those in Sweden since the beginning of 1980. Small wonder that we can no longer compete, and that the Scandinavians have not only largely driven us out of the European markets but are now landing newsprint in California.

There has been nothing in Canada's economic performance that has invited this incredible rise in the value of our currency. It has been dragged up behind a U.S. dollar that in turn has soared as the result of capital flows rather than economic performance, as evidenced by a trade deficit approaching $130 billion a year. Perhaps the United States can afford to consign much of its primary industry to oblivion. Certainly this economic performance has been relatively good despite the fact that their primary industries and some of their manufacturers are experiencing serious difficulty. However, the structure of the Canadian economy is significantly different and this is not a luxury we can afford.

It is to be hoped that the U.S. dollar, followed by the Canadian

dollar, will soon begin an orderly decline to levels more in keeping with international competitive realities. The only other alternative is to uncouple our currency from the U.S. dollar if serious and lasting damage to the economic and social fabric of Canada is to be avoided.

Outlook At the moment, demand for most of the products of the Noranda Group is fair. The problem is prices, which expressed in North American currencies remain extremely depressed, although in some cases there has been a modest recovery from the disastrous levels reached in the second half of 1984.

Noranda's plans for 1985 and beyond assume that the economic recovery will continue for at least another year in the United States, although at a slower rate, and that conditions will also improve in Europe and Japan. This in turn should result in improved demand for the products of the Noranda Group. If, however, it is also assumed that present currency relationships will persist, this scenario would permit a return to profitability but at a totally inadequate level.

Based on these assumptions, it is planned that several operations will remain closed and that a number of others will shut down periodically as dictated by market conditions. Other metallurgical, manufacturing and forest production facilities will operate below capacity, particularly the copper metallurgical facilities where the prolonged depression in prices is causing an increasing shortage of feed.

While this is a totally dreary outlook, for financial planning purposes it is prudent to assume the worst. However, it is entirely possible that actual results will be considerably better. Noranda's basic position is strong, with a good strategic position in the industries in which it operates, modern and competitive plant and equipment, a number of new facilities that should make an important contribution when conditions improve, and a productive work force. Given a level playing field in terms of currency values, Noranda is in a position to respond quickly and produce good financial results. Present currency relationships are unsustainable in the long run, and 1985 could be the year the inevitable adjustments begin to happen.

Bad as it was, the past year would have been even worse but for the dedicated and constructive efforts of employees throughout the Noranda Group. The Directors record their appreciation for these efforts and express their confidence that they will soon be rewarded by better times.

On behalf of the Board,

Alfred Powis

Chairman and Chief Executive Officer

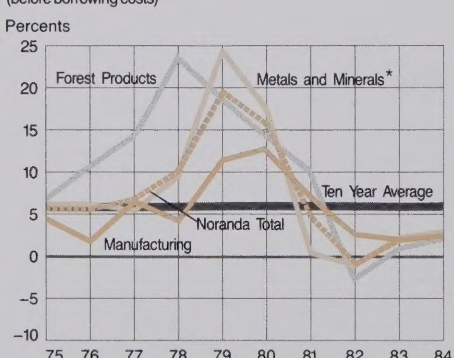
Toronto, Canada
March 1, 1985

Report on Operations

Variances from 1984 plan

($ millions)	Volume	Price	Costs	Taxes & Other	Total
Metals & Minerals*	(70)	(58)	91	(28)	(65)
Manufacturing	(15)	(161)	47	45	(84)
Forest Products	(100)	(60)	31	100	(29)
Corporate & Other	—	—	—	13	13
Total	(185)	(279)	169	130	(165)

Return on Average Net Assets
(before borrowing costs)



*Includes Oil & Gas.

Disappointing is the word to describe 1984. A year ago we felt that the worst was behind us and that prices for our principal products would be at economic levels during 1984. The year started out that way, with lumber, aluminum and pulp, in particular, showing greatly increased strength and fairly satisfactory returns. However, the bloom came off the rose very quickly and the recovery that apparently affected many industries certainly passed by the natural resource companies. Indeed, the 1984 experience is pretty nearly a dead ringer for 1983 and as we said then "...another sad and difficult year for much of the resource industry in North America. In Noranda's case, this meant particular difficulties for the base metal, mining and copper manufacturing operations". These difficulties were extended in 1984 to the lumber and aluminum industries, all of which dragged down the better results from the paper and metallurgical operations. The company's 1984 plans indicated realizing some $200 million more in revenues than were actually achieved, an amount which comes right off the bottom line.

A brief analysis of actual versus planned 1984 results is summarized and shown at left.

While the early view in 1984 was that the company could generate its cash needs internally, it was also recognized that cash conservation was the order of the day. This would be achieved through frugal capital expenditures and disposal of surplus or uneconomic properties and inventories. At the same time, we recognized that there would be continuing environmental challenges which might involve additional expense and that our research activities deserved an external review, so that we might judge their efficacy. Underlining all of this was a commitment to a continued effort on what is known within the company as employee involvement. That being done, it was implicit that the company be committed to the best possible realization from existing assets. So long as we operate, it should be understood that we are in whatever business is involved, but when we sell it's a clear sign that we've changed our course.

Some things we wanted did happen, but many did not. In the line of disposals, we successfully closed out our aluminum siding operations in Cleveland and Chicago in favour of an excellent supply agreement which will permit the profitable distribution of that product through our branch distribution system in the United States. The Grandview plastics operation was sold, as was the Alberta Sulphate operation. On the other hand, while for a time it seemed that we had made arrangements to sell some U.S. mining properties, such was not to be and we were unsuccessful in disposing of any of the mineral properties offered for sale.

The company succeeded in acquiring Micro Metallics Corporation of San Jose, California, a computer scrap operation which will provide a captive source of materials for our Quebec metallurgical operations. Carol Cable purchased a plant in Massachusetts to broaden its line of

wire and cable. Following the year-end, Norandal acquired a rolling mill in Scottsboro, Alabama, with the capacity to produce up to 95,000 tons of aluminum sheet per year. These deals were all by way of playing to strength and cashing in on whatever no longer fit our objectives.

In new projects the Hopewell phosphate project in Florida and Placer Development's Kidston gold mine in Australia are now in initial production. The $117 million project to replace Maclaren's two existing newsprint machines with a single larger machine proceeded on schedule and should be completed before the end of 1985, while MacMillan Bloedel completed their new Chemainus sawmill.

The major project, of course, was the Hemlo development of the Golden Giant joint venture, on which expenditures to date have totalled $178 million. Given due allowance for unavoidable interruptions, milling of ore should begin at a rate of 700 tonnes per day around the end of the first quarter of 1985. While shaft sinking and mine development continue, it is planned to build the production rate up to 1,250 tonnes per day by the end of 1985 and progressively to 3,000 tonnes per day by 1988.

The major labour incident during the year occurred in British Columbia, with the ten-week lockout in the pulp industry made necessary by the totally unreasonable and economically unsupportable demands of the unions. In the end, the settlement was for what was on the table at the beginning of the lockout and both the companies and the employees lost important amounts of income. Nevertheless, it does appear that labour across the board is prepared to ask less of the system than has been the case in recent years and it is certainly clear from many of the productivity figures that management is not alone in recognizing the competitive struggle we are in. Management throughout the Noranda Group has been given a clear signal that our operations simply cannot stand the present level of costs. Given the present economic environment, adjustments must be made. A correction is long and difficult, but necessary and possible.

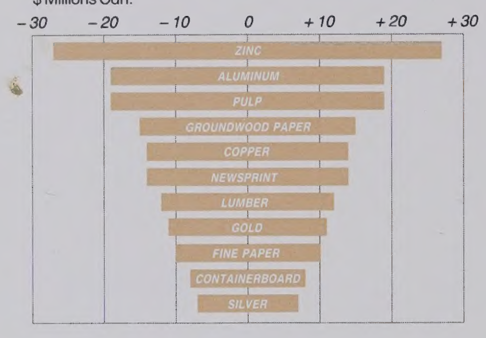
In the absence of new projects or any kind of burgeoning economic activity, clearly there is more time to be devoted to housekeeping. A landmark management conference was held in the fall, which served to illuminate to all members of the group the problems and successes their peers were having and the prospects that existed by looking at things in a different way. There is no magic wand that can make things as we would like them. However, it does seem true that on any objective basis, the company's operations are succeeding in containing their costs and improving their productivity.

In the mining and metallurgical area it is clear that our dominant priority must be to ensure economic supplies of raw materials for our metallurgical plants. If our mines cannot provide this material, we will have to find it elsewhere, either offshore, or through secondary sources. It is easy to say but hard to do.

The forest product companies have a little more flexibility, even though the high capital costs of recent years have a heavy impact on the cash flow of the companies concerned. They are all operating in an environment of competition with those whose exchange rates are much more favourable than Canada's. It therefore remains critical that Canadian costs be reduced or contained within economic limits. The Noranda-related companies seem to be able to achieve that so far.

The oil and gas operations are perhaps the more cheery story of the year, inasmuch as their operations were profitable to the extent necessary to finance their continuing operations. The two plants in which Canadian Hunter is participating, designed to recover natural gas liquids from production at Elmworth, will start operations in 1985. Test work on the Primrose heavy oil project in Alberta has produced encouraging results, and application has been made to proceed with commercial development building up to a production level of 25,000 barrels per day. This project is clearly a fortunate one for the company and gives every indication of a long profitable future.

Effect on 1985 Consolidated Net Earnings of a 10% Change in 4th Qtr. 1984 Prices
$ Millions Cdn.



The company has maintained one of the very largest mineral exploration programs in North America. This is directed at least 50% to precious metals and 25% towards additional economic ore for existing concentrators. Of the total program amounting to $43.2 million, 60% is spent in Canada, 33% in the U.S.A. and the balance in Australia and elsewhere.

Likewise, research has been maintained throughout the Group through various agencies at a rate of about $20 million. Our external review committee has judged this commitment to be valid, but at the same time has made helpful suggestions towards changes in focus.

President and Chief Operating Officer

Toronto, Canada
March 1, 1985

Employee Relations

Noranda's commitment to employee involvement over the past three years has shown encouraging results. There are growing signs that employees at all levels understand that we operate in some very competitive, and perhaps even threatened, industries. Lower turnover and a greater dedication to the job and to the enterprise have made their mark throughout the Group. Productivity gains, innovation, conservation, and caring for quality are all very much in evidence.

Employee understanding was given full credit for some sensible labour settlements in 1984, as well as a higher degree of commitment resulting in all levels of employees working harder and smarter.

Having spent most of the available capital to provide state-of-the-art plant and equipment, the key building block in a productivity strategy lies in employee involvement. The successful management of our human resource potential will be reflected by the presence of highly motivated employees who identify with the pursuit of corporate objectives. Therefore, Noranda's management fully supports those actions which:

- –put the employee in the optimum position of responsibility for his or her job and its performance.
- –help and encourage each employee to the greatest possible personal fulfillment.
- –give superior rewards for superior performance as is possible in any given situation.

The major thrust for 1985 is to continue and to improve communications throughout the Group to enhance employee involvement.

Safety Safety performance continued to show improvement throughout the Group. More than a dozen operations in forestry, manufacturing and mining continued to perform without a lost time accident, several with perfect records dating back to 1981.

The accompanying table summarizes the safety record of the main components of the Noranda Group. Frequencies shown are the numbers of lost time injuries per million hours worked.

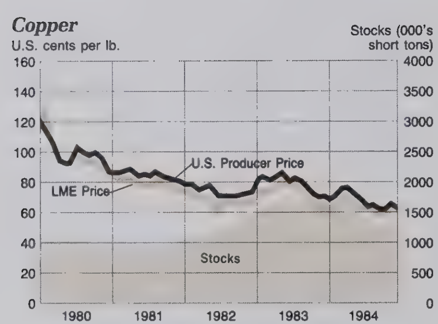
Metals and Minerals (Alpha, Beta, Gamma, Delta)	*1984*	*1983*	*1982*
Hours worked (000)	21,497	22,428	25,486
Frequencies	34.8	37.4	30.1
Days lost	28,616	22,759	34,254
Forest Products	*1984*	*1983*	*1982*
Hours worked (000)	41,648	43,955	42,484
Frequencies	22.2	26.2	27.2
Days lost	46,813	55,777	77,061
Manufacturing	*1984*	*1983*	*1982*
Hours worked (000)	20,395	13,861	12,718
Frequencies	40.0	34.9	50.3
Days lost	24,995	9,322	11,946
Noranda Group Total	*1984*	*1983*	*1982*
Hours worked (000)	83,540	80,244	80,688
Frequencies	29.8	30.8	31.8
Days lost	100,424	87,858	123,261

Total Employment

	Noranda and Subsidiaries	*Associates*	*1984 Total*	*1983 Total*
Canada				
Metals and Minerals	9,300	2,700	12,000	12,500
Manufacturing	4,200	100	4,300	4,400
Forest Products	4,200	16,500	20,700	22,200
	17,700	19,300	37,000	39,100
International*				
Metals and Minerals	1,500	800	2,300	2,100
Manufacturing	5,700	500	6,200	6,200
Forest Products	1,100	3,000	4,100	4,300
	8,300	4,300	12,600	12,600
Totals	26,000	23,600	49,600	51,700

*Includes Tara Mines, but excludes other associates outside North America which employ some 16,000 people.

Marketing



Western World Balance ('000 Short tons)

	1982	1983	1984 Est.
Supply	7,913	7,684	7,739
Demand	7,471	7,464	8,147
Stocks	1,444	1,664	1,256

Metals and Minerals 1984 was a year of continuing economic recovery. For most commodities, demand increased and inventories fell which normally would have resulted in higher prices. However, contrary to expectations, the U.S. dollar continued to increase in strength putting downward pressure on U.S. quotations. Also, the costs of North American mineral producers rose relative to operations in countries where currencies were devalued against the dollar.

The resultant loss of competitive position and market share was compounded by the impact of technological change in the markets for many of the Noranda Group products. New man-made materials are presenting a substantial challenge to the traditional non-ferrous metals in several major end-use applications. Thus, much greater effort in product research and market development will be required to ensure adequate markets in future.

Copper—During 1984, demand rose by almost 700,000 tons to its highest level in five years, while stocks fell by over 400,000 tons to about eight weeks' supply. With the decline in stocks forecast to continue, there should be some upward price response, particularly in the first half.

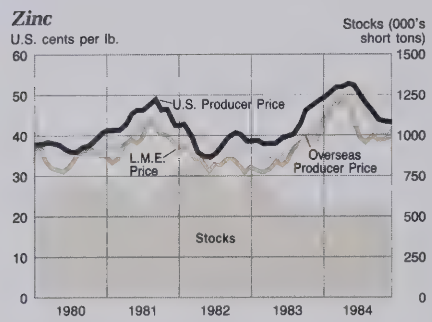
Despite the improved supply/demand balance, prices on the London Metal Exchange ended last year U.S. 5 cents per pound lower than at the beginning.

In these depressed circumstances, several more mining operations in the U.S. and Canada were forced to close. Noranda's operations have not been immune, with six copper-producing mines shut down. This reduced the copper concentrate available for Noranda's smelters and refinery leading to increased efforts to secure both primary and secondary supplies. Feed for Noranda's copper stream now comes from sources as far distant as Poland and Chile. The shortage of copper raw materials is worldwide and competition is extremely keen with the result that plants must be both efficient and low cost to survive.

For fabrication, copper is challenged by substitute materials including fibre optics for communication cable and aluminum and plastics for automotive radiators. However, it continues to have secure markets in many traditional areas as a conductor of electricity and due to its formability and corrosion resistance, in plumbing, heat exchangers, offshore structures, end-product manufacturing and architecture. The expansion of copper consumption is largely dependent on improving living standards in the developing world.

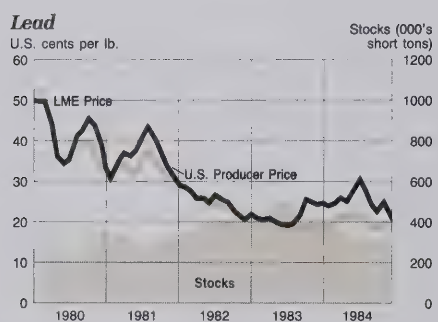
The industry in North America and Europe is maintaining its strong efforts to increase the present inadequate funding for product research and market development. Initiatives are also underway to establish a copper study group among the governments of major producing and consuming countries to assist in recognizing the industry's problems and in identifying potential solutions.

The increasing involvement and commitment of Noranda's seasoned workforce is the key to the Group's future.



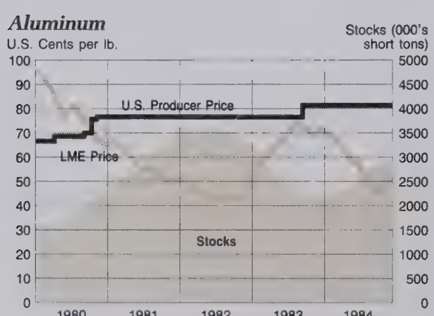
Western World Balance ('000 Short tons)

	1982	1983	1984 Est.
Supply	4,617	4,918	5,109
Demand	4,688	5,095	5,159
Stocks	714	537	487



Western World Balance ('000 Short tons)

	1982	1983	1984 Est.
Supply	4,191	4,202	4,212
Demand	4,114	4,216	4,312
Stocks	412	398	298



Western World Balance ('000 Short tons)

	1982	1983	1984 Est.
Supply	11,570	11,943	13,734
Demand	11,768	12,948	13,044
Stocks	3,236	2,231	2,921

Zinc—A higher mine production provided adequate supplies of zinc concentrate for processing during the year. Prices rose early in the year but then fell below levels needed for mine reopenings. With most metal operations at capacity, the outlook is for firmer concentrate markets in 1985. Metal stocks are low and any increase in demand should be reflected in better prices.

Zinc coated steel sheet is now the preferred product for exterior corrosion resistance in the automotive industry. Zinc is also experiencing increasing use for conventional diecastings and in new alloys for gravity castings. Noranda is participating actively in industry programs for these and other applications which, in part, are carried out by the Noranda Research Centre.

The principal market for Noranda's zinc metal is the United States but substantial shipments are also made to Europe, the Middle East, South America and the Pacific where the economic growth rates are higher. China has become a major buyer, recently.

Lead—Labour disruptions in Australia and the United States caused metal inventories to drop by 100,000 tons. Nonetheless, prices remained weak throughout 1984.

Lead's principal application is the electric storage battery for the automobile industry. As well, there is a growing market for batteries in electrically-propelled vehicles and for stand-by power units used with large computer and other critical installations. Shrinkage in tetraethyl lead consumption for gasoline additives is accelerating and, as a result, is depressing the demand.

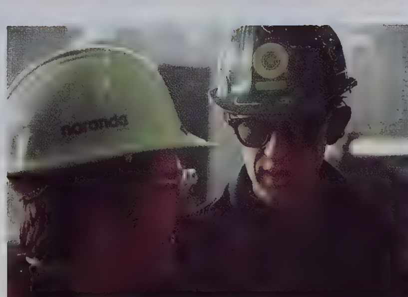
Lead produced at Brunswick Mining & Smelting's Belledune smelter is sold mainly in Canada and the United States but also to Europe and the Pacific. Industry inventories are low currently but are expected to rise in the absence of supply interruptions.

Aluminum—Demand increased 11% in the U.S., but declined elsewhere holding world consumption to a 1% annual increase. Production levels were increased sharply in early 1984 when prices reached a four year peak but reduced again when prices collapsed as stocks climbed.

Aluminum continues to be a growth metal with applications ranging from consumer products such as foil to siding and extrusions for housing and structural shapes for industrial and transport needs.

Noranda's smelter at New Madrid, Missouri supplies ingot to its associated plants producing rod, extrusions, sheet and foil and to the commercial market.

Gold & Silver—The higher prices for gold and silver in recent years have resulted in significant increases in supply. Most of these increases have been absorbed by investment demand for coins and bars. As well, industrial and jewellery consumption has been sustained at good levels. Nevertheless, prices declined in 1984 due to low inflation rates, the prospect of weaker oil prices and the surprising strength of the U.S. dollar, supported by high real interest rates.



Our mining operations faced increasing competition from other countries, requiring increased productivity and a determined cost management effort at all operations.

Noranda's gold is sold largely in Canada, including for use in the production of the Maple Leaf gold coin. Much of Noranda's silver is used for the production of photographic film.

Molybdenum—After modest improvement in the first half, the market deteriorated with the start of production from several new and previously shut down mines.

Depressed prices of copper and molybdenum forced the reduction of Noranda Group production. In 1985, there will be some mine production from Gaspe and the potential for by-product recovery from the Hemlo gold operation. Both are important for maintaining Noranda's participation in the molybdenum market.

Consumption is primarily linked to the production of specialty and high-strength/low alloy steels. Future demand is highly dependent on the ability of the steel industry to sustain and expand markets.

Fertilizers & Chemicals—Poor weather reduced the application of fertilizers last year and the prices of potash and diammonium phosphate (DAP) were forced down from US $70 to $55 per short ton and $210 to $172 per metric ton, respectively.

Noranda produces potash from its mine in Colonsay, Saskatchewan, and DAP at Belledune, New Brunswick. Sulphuric acid produced at Canadian Electrolytic Zinc, Valleyfield and Mines Gaspé, Murdochville is sold to the commercial market in eastern Canada and the United States while acid from Brunswick Mining & Smelting at Belledune is processed at the nearby Belledune DAP plant. Both sulphuric acid and DAP production are linked to the need to recover sulphur dioxide from our metallurgical operations and to dispose of it in a practical manner.

The Belledune DAP operation requires the purchase of ammonia and phosphate rock, which ultimately led to the development of Noranda's Hopewell phosphate mine in Florida.

Last fall, a marketing conference was held with representatives from the mining and metallurgical, forest products and manufacturing operations. The purpose was to examine the different marketing organizations and Noranda's competitive position. The conclusion was that the individual marketing efforts were effective but a greater degree of cross communication would be useful and possibly beneficial.

Since that time, the information exchange has improved and several cooperative programs between organizations have developed. Arrangements have also been made to investigate the potential for productivity gains through combination in truck transportation and warehousing and in product development and promotion.

Gold

Gold Western World Balance ('000,000 Troy ounces)

	1982	1983	1984 Est.
Supply	36.0	41.7	42.4
Demand	35.4	32.6	36.0
Surplus	0.6	9.1	6.4

Silver

Silver Western World Balance ('000,000 Troy ounces)

	1982	1983	1984 Est.
Supply	395.4	463.9	470.0
Demand	370.0	373.0	405.0
Surplus	25.4	90.9	65.0

Molybdenum

Western World Balance ('000,000 lbs.)

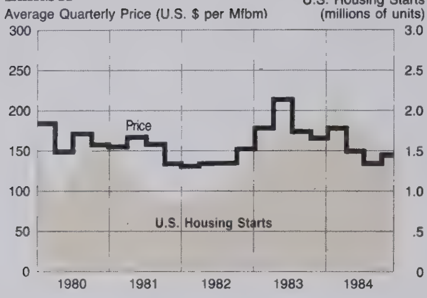
	1982	1983	1984 Est.
Supply	159	97	163
Demand	137	138	158
Stocks	202	161	166

Fertilizers & Chemicals

Potash World Balance ('000 Short tons K_2O)

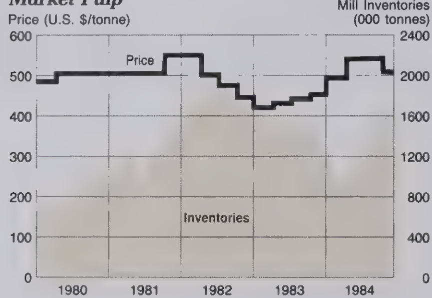
Year Ended July 30th	1982	1983	1984 Est.
Supply	28,737	27,642	30,291
Demand	28,580	28,130	30,036
Stocks	157	(488)	255

Lumber



	1982	1983	1984 Est.
U.S. Housing Starts (millions)	1.06	1.70	1.74
U.S. Lumber Consumption (billion fbm)	30.90	38.20	41.80

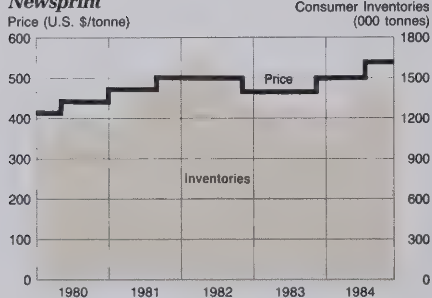
Market Pulp



Norscan Balance (000 tonnes)

	1982	1983	1984 Est.
Production	13,483	15,563	16,562
Shipments	13,398	15,952	16,135
Closing Inventory	1,597	1,194	1,621

Newsprint



U.S. Balance (000 tonnes)

	1982	1983	1984 Est.
Consumption	10,115	10,590	11,442
Closing Consumer Inventory	1,269	1,179	1,342

Forest Products Marketing During 1984 the North American forest products industry's competitive position declined because of competition from lower cost producers in Scandinavia, Brazil and Continental Europe, traditional consumers in offshore markets being unable to pay much higher local currency prices for North American products, and increased import competition.

The extent to which these factors affected sales of forest products varied by sector of the industry, depending on the relative importance of overseas markets. More importantly they upset the world supply/demand balance.

For 1985 projections are that demand growth will be marginal for most products. New capacity continues to be added in pulp and paper and there are few signs that significant supply reductions will occur in lumber. Thus increases in product prices and profitability will be difficult to obtain unless exchange rate relationships change. A weaker Canadian dollar compared to the U.S. would provide some relief, but a shift of the U.S. dollar *vis a vis* European currencies would be the preferred occurrence.

Lumber—U.S. housing starts in 1984—1.74 million units—increased marginally over 1983 levels while demand for softwood lumber increased by 9.4%. However, overcapacity in the North American lumber industry continued to be a major influence in 1984.

The threat created by certain protectionist activities in the U.S. seeking to restrict imports of Canadian lumber must be dealt with in 1985. Our hope is that the traditional open trade behaviour between the two countries will remain undisturbed.

Market Pulp—World demand hit new record levels in 1984. The 10-week shutdown of the B.C. industry during the first half of the year caused prices to increase rapidly in response to the strong demand and lost production. After mid-year, however, oversupply re-surfaced as several new mills came on stream and producer inventories rose. Thus by year-end many Canadian mills were taking extended shutdowns to reduce inventories. The outlook for 1985 is for prices to remain depressed through the first half as the new capacity is absorbed by the market.

Newsprint—The U.S. newsprint market was exceptionally strong in 1984 and consumption rose by 8% compared to 1983—an unequalled year-over-year change. Canadian mills supply 57% of the U.S. market and thus were major beneficiaries of the high demand. This strong demand was offset by the weakness in offshore markets. Canadian sales to overseas markets declined during the year. The widening spread between U.S. and European prices encouraged Scandinavian producers to increase their sales to the U.S. and made Canadian sales to Europe unprofitable. By year-end U.S. demand growth was moderating and only marginal further gains are expected in 1985.

U.S. Printing and Writing Papers—Because of the strong U.S. economy and steeply rising consumer and advertising expenditures, the U.S. coated and uncoated groundwood paper industry operated full-out

Noranda encompasses the largest forest products grouping in Canada, demanding coordinated and exacting use, protection and regeneration programs in managing this vital renewable resource.

through 1984. Prices moved sharply upward and U.S. consumers had to fill their excess requirements from overseas mills. The expected slower economic growth in the U.S. in 1985 will ease the tight supply situation in these grades somewhat. The U.S. uncoated freesheet paper industry on the other hand suffered from overcapacity and price softness.

U.S. Containerboard—Consumption of containerboard (kraftliner and corrugating medium) in the United States set a new record. However, U.S. exports of containerboard declined steeply from 1983 levels, due no doubt to the strength of the dollar. Excess production in the face of strong demand resulted in year-end inventories of 2.8 million tonnes, and declining transaction prices. The outlook for 1985 is for moderate growth in both U.S. domestic consumption and export shipments.

Exploration and Development

Metals and Minerals An approximate equal split between base metal and precious metal exploration expenditures was an objective for 1984. Until economic conditions dictate otherwise this orientation will remain. On a regional basis, however, a more specific focus exists, such as the requirements for immediate zinc and copper smelter feed in eastern North America. In areas where Noranda has no existing processing or other mining infrastructure precious metal exploration is emphasized.

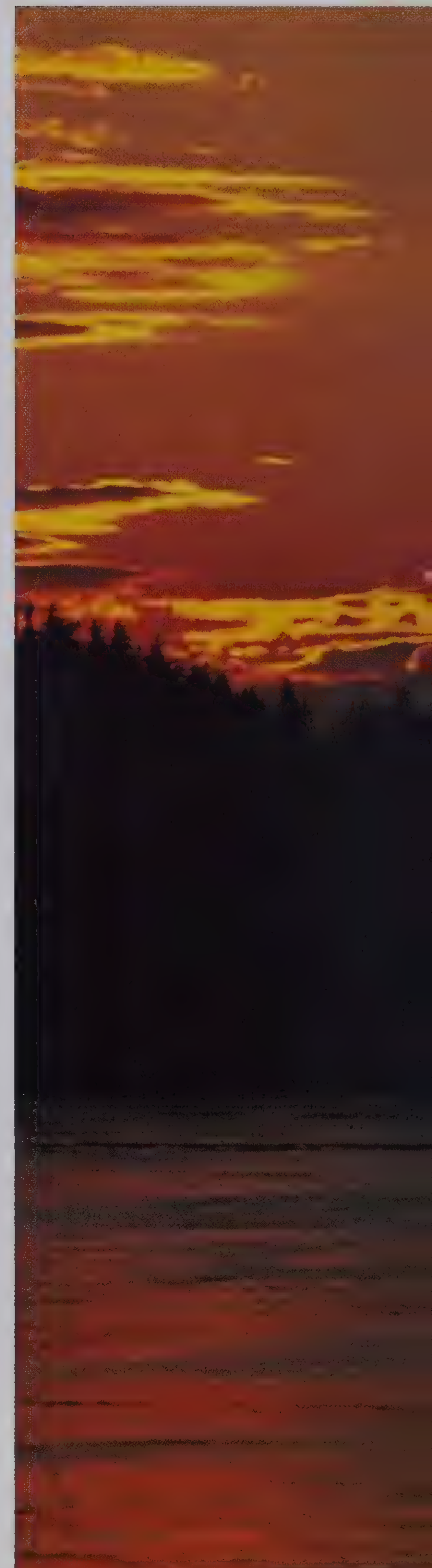
In recent years, due to the obvious urgent need to establish more profitable mining operations, Noranda has adopted an agressive mineral deposit acquisition policy to shorten pre-production lead times, as opposed to the 'grass roots' exploration approach which is more costly and time consuming.

During 1984 Noranda Exploration expended a total of $43.2 million in the search for potentially viable mineral deposits, mainly in Canada, the United States and Australia. In addition, Noranda spent a total of $13.9 million for its joint venture partners on Noranda-operated projects. Foreign exploration, exclusive of the U.S. and Australia, was reduced in 1984 to the extent that, at year-end, no Noranda-financed projects were active. The last remaining field office, in Santiago, Chile, was closed due to reduced exploration expenditures in 1985.

Noranda Exploration, aided by new technology in remote sensing and computer science, together with the traditional prospector's instincts and methods, made some interesting mineral discoveries.

Deposit No. 2 on the Golden Sceptre was the result of financing by the Golden Giant venture (Noranda 50%). Diamond drilling increased the precious metal geological reserves on the Tundra J.B. Project (Noranda 51%) in the Northwest Territories, and the Band-Ore Project (Noranda 75%) near Shebandowan, Ontario. A new precious metal deposit on the Zeta property (Noranda 100%) was outlined in the Yukon, as well as a new uranium deposit at Sand Lake, Saskatchewan (Noranda 21%) and a base metal prospect at Mabel Lake, B.C. (Noranda 100%). A new base metal zone was discovered on the Garon Lake property in the Matagami area (Noranda 100%) and gold reserves on the Soissons property were increased and an exploration shaft collared at year-end. In addition Noranda discovered or acquired twenty-two new important base metal and precious metal occurrences throughout Canada that warrant further exploration in 1985.

In the United States, Noranda Exploration, Inc. changed from its traditional geographical structure with six offices to a specialty-based organization with three divisions. The specialty approach contributed to two discoveries of concealed deposits in 1984. Near Noranda's small gold-silver deposit at Tecoma, Utah, an insightful interpretation of geochemical data led to the discovery of new ore several hundred feet beyond the present pit limit. The discovery of a high grade precious metal system in Colorado resulted from testing an anomaly identified from oxygen isotope data and corroborated by fission track age dating.



Noranda Expenditures

($ millions)	Base Metals	Precious Metals	Other	Misc.	Total
Canada	7.6	6.9	0.6	9.7	24.8
United States	4.0	6.1	0.1	4.3	14.5
Australia	0.6	0.8	0.7	1.1	3.2
Other	0.2	0.2		0.3	0.7
TOTAL	12.4	14.0	1.4	15.4	43.2
Percentage	45	50	5		

Exploration's two-pronged search, ranging throughout the hinterlands of Canada and the U.S., focused on precious metals, and base metals needed to feed our smelters.

Hunter was involved in drilling 74 wells in 1984.
Drilling activity in 1985 will include oil prospects in western Canada and in the United States south and west.

Surface diamond drilling confirmed the presence of a new north ore zone at Greens Creek, supporting the contention that geologic reserves can be in the order of 10 million tons.

Outside North America active programs were carried out in Australia in the search for base metals and precious metals, and one Noranda-operated project at Mt. Layshon (Noranda 50%) in Queensland is at the feasibility stage. In addition Noranda shared in oil and gas exploration on permits in the Timor Sea off the coast of northwest Australia and two successful discoveries (Jabiru and Challis) resulted. Oil production is scheduled to commence at Jabiru in 1985.

Oil and Gas Canadian Hunter Exploration Ltd., is a wholly owned subsidiary of Noranda and it operates a joint venture owned 87% by Noranda and 13% by Kerr Addison.

The Hunter joint ventures were involved in 74 wells in 1984, an increase of 32 over 1983. 1985 drilling activity will be increased to evaluate exploration prospects that have come together over the past one to three years. This activity will focus primarily on oil prospects in western Canada, but will include oil and gas prospects in Texas, California, Colorado, Wyoming and Montana.

Daily gas production averaged 105 million cubic feet for the fiscal year. Trans Canada Pipelines Limited, our major buyer, increased average takes from 47% to 51% of contract quantities during the contract year ending October 31. Despite the improvements in takes, short term sales volume gains will be largely offset by lower wellhead prices.

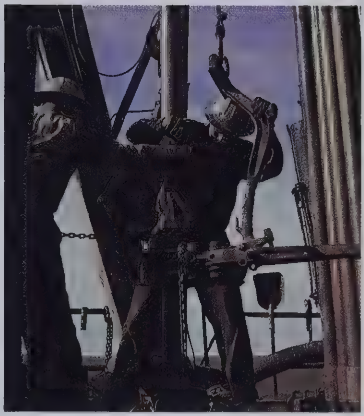
Crude oil and natural gas liquids production increased to 1,632 barrels per day from 800 barrels per day in 1983. This increase primarily reflects a full year's operation at the Primrose Heavy Oil Pilot which continues to perform better than originally expected. Hunter, through a small acquisition, increased its working interest in the Pilot from 30% to 80% and acquired a further 5% working interest in eight sections immediately adjacent. The operator is expected to apply for a 25,000 barrel per day commercial project soon, with the first stage on stream in 1986 and full production expected by 1989.

Noranda's share of Hunter's proven and probable remaining reserves stood at 94.4 million barrels of oil and natural gas liquids, and 1,385.8 billion cubic feet of marketable natural gas.

Proven reserves are volumes that are considered recoverable with a high degree of certainty under anticipated operating and economic conditions. Probable reserves are volumes that may be recovered from lands in the vicinity of proven reserves but where there is some degree of geological, engineering, operational or economic risk.

Panarctic Oils (3.5%) drilled and abandoned three offshore wells and one onshore well during the year. Gas and oil tested at Skate C-59. Sherard Bay F-34, Cisco M-22 and Buckingham O-68 were dry holes.

Noranda's 1984 oil and gas expenditures totalled $95 million, some $30 million in excess of revenue. Noranda's gross investment on oil and gas ventures has been $557 million since 1973. Its share of net revenue from production operations has been $226 million, with a resulting net investment of $331 million at year-end 1984.



Oil and Gas—Noranda's Share

Financial $ millions	1983 (Restated)	1984
Sales	103.3	117.9
Operating Profit	54.9	60.2
Average net assets employed	435.3	454.8
Capital expenditures	64.2	89.7
Employees	212	219

Drilling Activities

	Oil	Gas	D&A	Total
Canadian Hunter (87%)				
Working Interest	9	16	18	43
Royalty Interest	2	1	10	13
American Hunter (85%)				
Working Interest	5	—	8	13
Royalty Interest	1	—	4	5
TOTAL	17	17	40	74

Land Position

	Gross Acres	Net Acres
Canada		
Leases	2,434,516	1,012,580
Licences & Permits	3,291,139	892,152
U.S.A.		
Federal/State	297,575	219,042
Fee	2,322,775	1,372,579
Total	8,346,005	3,496,353

Noranda Share of Reserves

	Oil and Natural Gas Liquids* (millions of barrels)	Marketable Natural Gas (billions of cubic feet)
Proven	43.0	856.5
Probable	51.4	529.3
Proven and Probable	94.4	1,385.8

*Includes Primrose Heavy Oil

Noranda Oil & Gas Expenditures

($ millions)	Land Acquisition & Exploration	Oil and Gas Development	Total
Canadian Hunter	47.9	22.4	70.3
American Hunter	18.2	6.1	24.3
Panarctic	0.1	—	0.1
Total	66.2	28.5	94.7

Research & Development

The Noranda Research Centre has a dual mission. First, to discover, develop and adapt innovative technologies which will improve productivity, recovery, efficiency and product quality in Noranda's existing businesses. Second, to search for technological opportunities which could lead to new businesses for Noranda. To ensure a close fit between research and business objectives there is a strong interaction among the research, operations and sales functions.

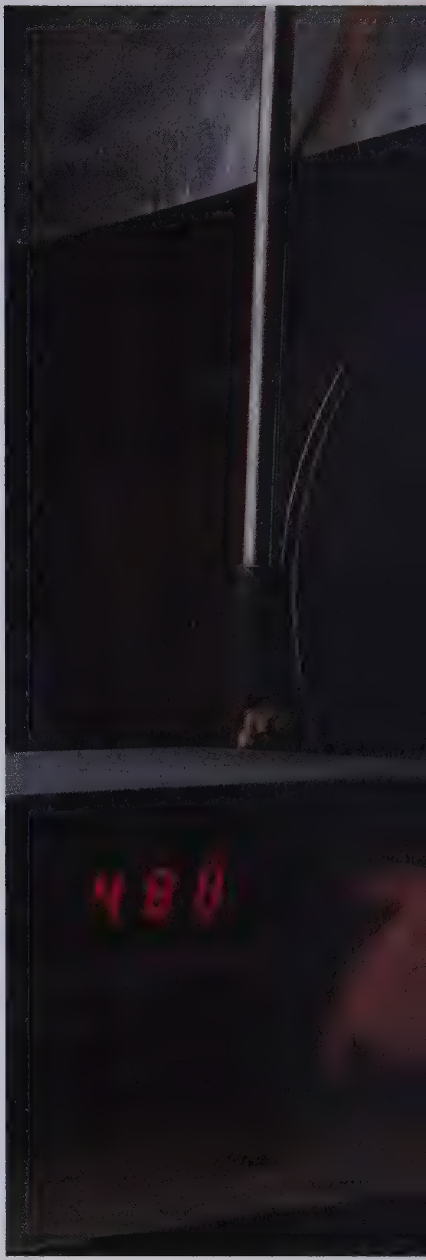
For example, a significant milestone in this thrust for new business through product research was achieved when high performance zinc aluminum casting alloys, developed by the Centre, penetrated automotive markets in North America and the United Kingdom. Another example is Electrolyser Inc., founded to commercialize the hydrogen production technology developed by Noranda and The Electrolyser Corporation Ltd., which is planning for its first major demonstration project in Canada. Overseas marketing activities have been expanded with the active development in Africa and Latin America of projects using electrolytic hydrogen. Supporting R&D is continuing at the Research Centre and the Varennes experimental plant operated in collaboration with Hydro-Quebec.

In the search for improved recoveries and productivity, the Research Centre has developed sophisticated techniques that enable the CCR Division to supply higher quality selenium for use in copiers and laser printers. New opportunities in electro-optic materials are also being pursued, including research on thin film solar cells and digital imaging systems. A new process for the treatment of gold mud will allow CCR to maintain the quality of its gold bullion, at considerable cost saving, as palladium from secondary sources increases. Major progress was made in developing new procedures for the control of impurities during smelting, permitting higher quality cathodes from impure anodes.

The Mining Technology division continued to work with Noranda Lakeshore to evaluate the feasibility of extracting copper from unmined portions of the oxide orebody by true in-situ leaching, while a major effort is underway to improve the ability of Noranda Group mines to design safer underground openings and to monitor their continued stability.

A key initiative on our research front was the creation of the Research and Technology Review Board. With 8 prominent scientists from Canada and the United States, the board's mandate is to review and appraise, in broad terms, the corporation's scientific and technological programs. It will identify scientific developments relevant to Noranda's R&D efforts and business opportunities. Technological trends that could significantly affect the company's future will be reviewed, thus suggesting possible new directions or emphasis for research and development.

At year-end, the Noranda Research Centre staff totalled 142, including 69 scientists and engineers and 29 research technicians. Total operating expenditures were $9.6 million.



Research Centre projects ranged from underground rock mechanics to investigating digital imaging systems to developing procedures to control impurities during smelting.

Noranda Enterprise Limited, the venture capital investment arm of Noranda Inc., focuses on equity participation in innovative enterprises which show evidence of profitable and rapid growth. This focus creates a window of opportunity for Noranda in emerging technologies, as well as providing the potential for new business opportunities. The company's current portfolio includes investments in biotechnology, computer software, lasers, digital image analysis and voice and data communications.

Laser systems, such as used to etch this micro-chip, are among the high technology investments made by Noranda Enterprise.

Environmental Control

Noranda's policy statement on the environment reads, in part: "We are prepared wherever possible to actively demonstrate to the limit of economic and technological feasibility, our responsibility to the protection and replenishment of the environment in which we operate". This commitment to the maintenance of environmental quality is best exemplified by the achievements of some of the many major projects undertaken.

In the forestry sector, 10-15% of the $230 million modernization of Fraser Inc.'s Atholville plant was related to environmental control. At Maclaren's Thurso mill a $72 million installation significantly reduced odor levels in the community while two settling basins reduced biological oxygen demand and suspended solids discharges. Northwood Pulp, currently meeting all government regulations, joined with other Prince George industries in a program to determine the impact of industrial operations on local air quality.

In the metals and minerals divisions, the main efforts have been on disposal of tailings, effluent control, reclamation, and acid rain issues.

The environmental impact of the Hemlo project was discussed with local communities and their concerns were reflected in the design of the tailings disposal system, considered the most advanced in Canada. Similarly, the Horne division designed and constructed a $2 million water treatment plant at its old Waite Amulet tailings to protect the water quality of Lake Dufault—the source of the community's drinking water. When curtailed production at Brenda Mines made it imperative to discharge water from the main tailings dam the company entered into collaborative testing with the province and an independent consultant. Though tests confirmed that their water met Canadian drinking water guidelines, to allay community concerns, Brenda constructed and successfully operated an interim bypass system around the community drinking water reservoir.

Although Noranda has yet to deal with SO_2 emissions of the Horne smelter, efforts throughout the Noranda Group have significantly reduced SO_2 emissions over the years. Today Noranda operates five acid plants fixing variously between 65% (Mines Gaspe) and 99% (CEZinc) of the sulphur emitted. As a result Noranda is the largest metallurgical acid producer in Canada with installed capacity of 740,000 tonnes per year.

The SO_2 emission control program at the Horne smelter is being discussed with the Quebec government, whose draft regulation requires the Horne to install and operate an acid plant fixing 50% of the sulphur input by 1989. Noranda is attempting to convince the authorities of the economic and scientific wisdom of an alternative control program complying with the general objectives of the province. In an effort to raise the level of the acid rain debate Noranda has conducted a series of media briefings in major cities from coast to coast to provide journalists with some understanding of the basic facts and complexity of this issue.

Capital expenditures to enhance air, water, industrial hygiene and waste disposal conditions, as well as funding for central environmental research, totalled $47 million in 1984 and $60 million in 1983.

Seedling nurseries in the Noranda Group, along with genetics research, will help ensure wood fibre for future operations.

OPERATIONS – METALS AND MINERALS

FINANCIAL AND EMPLOYMENT

(all financial figures in $ millions)		1983 Restated	1984
ALPHA			
100% Basis	Sales	144.8	**144.3**
	Average net assets employed	481.8	**469.6**
Noranda's share	Sales	129.4	**128.8**
	Average net assets employed	383.2	**327.2**
	Capital expenditures	17.9	**17.8**
Employees	Canada	930	**657**
	U.S.A.	170	**180**
BETA			
100% Noranda	Sales	253.2	**261.7**
	Average net assets employed	252.7	**276.3**
	Capital expenditures	11.1	**31.1**
Employees		2,950	**2,800**
DELTA			
100% Basis	Sales	523.5	**643.7**
	Average net assets employed	530.9	**518.1**
Noranda's share	Sales	460.9	**575.0**
	Average net assets employed	425.3	**421.7**
	Capital expenditures	18.9	**26.9**
Employees		3,970	**3,683**
GAMMA			
100% Basis	Sales	172.7	**173.9**
	Average net assets employed	137.3	**192.9**
Noranda's share	Sales	145.2	**147.7**
	Average net assets employed	103.7	**171.0**
	Capital expenditures	66.9	**99.6**
Employees		1,990	**1,759**
OTHER			
100% Basis	Sales	106.1	**105.1**
	Average net assets employed	462.2	**355.7**
Noranda's share	Sales	66.7	**68.0**
	Average net assets employed	462.2	**355.7**
	Capital expenditures	5.0	**15.8**
TOTAL			
Noranda's share	Earnings after taxes, before borrowing costs	52.2	**44.9**

SMELTING AND REFINING PRODUCTION

	1983	1984
BETA		
HORNE SMELTER		
Copper content of anodes produced (000 tons)	195	**195**
GASPÉ SMELTER		
Copper (000 tons)	34	**31**
Sulphuric Acid (000 tons)	73	**61**
CCR REFINERY		
Copper (000 tons)	370	**341**
Silver (000 ounces)	22,446	**24,242**
Gold (000 ounces)	525	**555**
DELTA		
CANADIAN ELECTROLYTIC ZINC		
(90% direct, 5% indirect) Zinc (000 tons)	241	**246**
Cadmium (000 lbs.)	858	**857**
Sulphuric Acid (000 tons)	386	**465**
BRUNSWICK SMELTER (64%)		
Lead (000 tons)	64	**63**
Silver (000 ounces)	3,646	**3,377**
Sulphuric Acid (000 tons)	197	**204**

MINE PRODUCTION

CONTAINED METAL

		Ore Treated (000 tons)	Copper tons	Zinc tons	Lead tons	Silver (000 oz)	Gold ounces	Molybdenum (000 lbs)	Muriate of Potash (000 tons)
ALPHA									
*Boss Mountain	1984	—	—	—	—	—	—	—	—
	1983	33	—	—	—	—	—	113	—
*Brenda Mines	1984	6,734	8,588	—	—	158	2,556	4,435	—
(49%)	1983	9,023	10,850	—	—	187	3,178	4,889	—
Central Canada	1984	3,142	—	—	—	—	—	—	1,230
Potash	1983	2,531	—	—	—	—	—	—	970
*Goldstream	1984	153	4,548	358	—	43	—	—	—
	1983	324	9,030	191	—	86	—	—	—
Noranda Grey	1984	240	—	—	—	88	47,928	—	—
Eagle	1983	154	—	—	—	36	27,320	—	—
Noranda Lake-	1984	—	7,701	—	—	—	—	—	—
shore Mines	1983	1,297	18,760	—	—	—	—	—	—
*Northland Gold	1984	—	—	—	—	—	—	—	—
(62%)	1983	—	—	—	—	—	190	—	—
BETA									
*Mines Gaspé	1984	392	5,627	—	—	—	—	300	—
	1983	—	—	—	—	—	—	—	—
Chadbourne	1984	294	—	—	—	19	27,659	—	—
	1983	303	—	—	—	—	30,200	—	—
Mines Gallen	1984	93	—	3,643	—	9	1,064	—	—
(50%)	1983	—	—	—	—	—	—	—	—
DELTA									
*Heath Steele Mines	1984	—	—	—	—	469	14,919	—	—
(75% Little River Joint Venture)	1983	496	3,390	13,930	3,410	441	2,840	—	—
Matagami	1984	1,177	11,284	52,310	—	252	4,848	—	—
	1983	1,219	9,050	53,400	—	229	4,900	—	—
Brunswick Mining	1984	3,924	6,331	284,517	94,128	6,607	—	—	—
and Smelting (64%)	1983	3,760	5,300	270,740	88,740	6,290	—	—	—
GAMMA									
Geco	1984	1,382	23,020	36,440	380	1,404	—	—	—
	1983	1,375	20,190	40,810	540	1,344	—	—	—
Lyon Lake	1984	417	4,920	34,800	1,580	1,851	—	—	—
	1983	457	4,790	37,770	1,630	1,928	—	—	—
F Group	1984	26	20	2,830	70	36	—	—	—
	1983	78	290	7,610	170	120	—	—	—
Mattabi Mines	1984	488	1,230	31,930	2,670	1,209	—	—	—
(60%)	1983	494	950	34,590	3,090	1,172	—	—	—
Pamour Porcupine	1984	1,509	170	—	—	62	103,800	—	—
Mines (49%)	1983	1,306	140	—	—	58	101,970	—	—
TOTALS	1984	19,971	73,439	446,828	98,828	12,207	202,774	4,735	1,230
	1983	22,850	82,740	459,041	97,580	11,891	170,598	5,002	970
Noranda's Direct	1984	14,172	66,284	330,093	63,968	9,119	143,982	2,413	1,230
Interest	1983	15,987	74,100	344,530	63,630	8,930	115,916	2,553	970

*Mining operations suspended

MINERAL INVENTORIES

	1984 (000 tons)	Copper %	Zinc %	Lead %	Silver oz. Per Ton	Gold oz. Per Ton	Molybdenum %	Muriate of Potash K_2O%	Phosphate Rock (000 tons)
ALPHA									
*Babine—Bell (revalued)	19,200	0.51	—	—	—	—	—	—	—
—Granisle	15,614	0.442	—	—	—	—	—	—	—
*Boss Mountain (revalued)	4,232	—	—	—	—	—	0.135	—	—
*Brenda Mines	101,412	0.148	—	—	—	—	0.032	—	—
Central Canada Potash	482,020	—	—	—	—	—	—	27.0	—
*Goldstream (revalued)	3,499	3.51	2.50	—	0.51	—	—	—	—
Noranda Grey Eagle	405	—	—	—	0.554	0.154	—	—	—
Noranda Lakeshore Mines									
—Oxide	13,100	1.16	—	—	—	—	—	—	—
—Sulphide Tactite	8,900	1.35	—	—	—	—	—	—	—
—Porphyry	41,000	0.65	—	—	—	—	—	—	—
Greens Creek	1,457	0.45	9.31	3.37	17.58	0.14	—	—	—
*Northland Gold—cubic yards (000)	4,700	—	—	—	—	0.0054	oz./cu. yd.	—	—
Hopewell—recoverable product		—	—	—	—	—	—	—	12,500
BETA									
*Mines Gaspé									
Needle Mountain	5,150	1.66	—	—	—	—	0.031	—	—
Copper Mountain Sulph.	35,008	0.37	—	—	—	—	0.016	—	—
Copper Mountain Oxide	22,968	0.44	—	—	—	—	—	—	—
Murdochville Project	4,789	2.94	—	—	0.49	—	—	—	—
Chadbourne	469	—	—	—	—	0.099	—	—	—
—probable	161	—	—	—	—	0.107	—	—	—
Mines Gallen	1,485	—	5.30	—	0.76	0.031	—	—	—
Remnor	688	—	—	—	—	0.174	—	—	—
—probable	162	—	—	—	—	0.162	—	—	—
DELTA									
Brunswick Mining and Smelting	87,565	0.31	9.15	3.72	2.86	—	—	—	—
—probable	27,589	0.37	8.58	3.71	2.83	—	—	—	—
*Heath Steele	16,815	1.26	5.00	1.62	1.94	—	—	—	—
Matagami									
Mattagami Lake	3,535	0.47	5.07	—	0.60	0.012	—	—	—
Norita	2,011	2.24	3.39	—	0.63	0.017	—	—	—
GAMMA									
Geco	18,427	1.73	3.04	—	1.17	—	—	—	—
Lyon Lake—Main Zone	1,305	1.61	8.82	0.95	4.73	—	—	—	—
Mattabi Mines	1,643	0.33	9.46	1.02	2.85	—	—	—	—
Pamour Porcupine Mines	2,774	—	—	—	—	0.087	—	—	—
Hemlo	22,925	—	—	—	—	0.286	—	—	—

The above reserves are proven and/or drill indicated except where noted "probable", and were recalculated in 1984 based on updated forecasts and mining plans to include only material which the Company believes will eventually be mineable.

*Mining operations suspended

OTHER ASSOCIATES

FINANCIAL AND EMPLOYMENT

$—millions			1983	**1984**
KERR ADDISON (49%)		Sales	47.5	**48.7**
		Noranda's share Operating profit	6.0	**5.3**
TARA EXPLORATION (49%) (75% Tara Mines)		Sales	116.1	**153.8**
		Noranda's share Operating profit	2.0	**7.0**
PLACER DEVELOPMENT (31%)		Sales	263.5	**306.2**
		Noranda's share Operating profit	3.4	**1.6**
TOTAL	100% Basis	Sales	427.1	**508.7**
		Average net assets employed	1,300.6	**1,368.5**
	Noranda's share	Sales	161.9	**194.9**
		Average net assets employed	193.7	**259.6**
		Operating profit	11.4	**13.9**
EMPLOYEES		Canada	1,440	**1,408**
		International	1,440	**1,731**

MINERAL INVENTORIES

	(000 tons)		Grade					
December 31	1983	**1984**	Copper %	Zinc %	Lead %	Silver (oz. per ton)	Gold (oz. per ton)	Molybdenum %
KERR ADDISON	928	**608**	—	—	—	—	0.110	—
TARA EXPLORATION (75% Tara Mines)	58,968	**56,739**	—	9.20	2.63	—	—	—
PLACER DEVELOPMENT								
*Endako	222,400	**222,400**	—	—	—	—	—	0.08
Equity Silver Mines	23,600	**19,300**	.37	—	—	3.80	0.036	—
Gibraltar	207,200	**193,200**	0.30	—	—	—	—	—
Golden Sunlight	24,000	**22,900**	—	—	—	—	0.048	—
**Marcopper Mining	63,700	**59,500**	0.41	—	—	—	—	—
Real de Angeles	59,700	**55,100**	—	—	—	2.18	—	—
Cortez Gold Mines	2,700	**1,935**	—	—	—	—	0.103	—

Note—Tonnage to be mined will be determined by future metal prices, operating costs and taxes.
*Mining operation suspended.
**Excludes estimated 200,000,000 tons of mineralized material at an average grade of 0.57% copper in the San Antonio zone.

OTHER ASSOCIATES

MINE PRODUCTION

		Metal Contained in Concentrate						
		Ore treated (000 tons)	Copper (tons)	Zinc (tons)	Lead (tons)	Silver (000 oz.)	Gold (ounces)	Molybdenum (000 lbs.)
KERR ADDISON (49%)	1984	380	—	—	—	—	42,000	—
	1983	332	—	—	—	—	42,000	—
TARA EXPLORATION (49%)	1984	2,670	—	226,940	40,960	—	—	—
(75% Tara Mines)	1983	2,600	—	204,710	36,990	—	—	—
PLACER DEVELOPMENT (31%)								
Equity Silver	1984	2,300	9,958	—	—	4,624	24,000	—
Mines (70%)	1983	2,400	8,906	—	—	4,958	28,000	—
Gibraltar	1984	14,500	37,400	—	—	—	—	811
(72%)	1983	14,900	30,746	—	—	—	—	960
Golden Sunlight	1984	2,055	—	—	—	—	97,200	—
	1983	1,700	—	—	—	—	79,700	—
Marcopper Mining	1984	10,960	36,100	—	—	187	25,000	—
(40%)	1983	11,600	38,413	—	—	177	31,000	—
Real de Angeles	1984	4,800	—	24,480	33,460	9,044	—	—
(34%)	1983	4,100	—	24,140	30,672	7,761	—	—
Cortez Gold Mines	1984	894	—	—	—	—	49,446	—
(40%)	1983	1,100	—	—	—	—	47,357	—
TOTALS	1984	38,559	83,458	251,420	74,420	13,855	237,646	811
	1983	38,732	78,065	228,850	67,662	12,896	228,057	960
NORANDA'S	1984	—	14,860	85,980	18,580	1,979	65,151	180
DIRECT INTEREST	1983	—	13,537	77,775	16,827	1,916	61,079	214

FOREST PRODUCTS

FINANCIAL—$ millions

		Earnings after Taxes	Sales		Average Net Assets Employed		Capital Expenditures	
		Noranda's Share	100%	Noranda's Share	100%	Noranda's Share	Noranda's Share	Employees
*JAMES MACLAREN INDUSTRIES	1984	25.4	352.9	230.0	335.6	335.6	65.7	3,700
	1983	13.2	324.8	205.6	303.2	303.2	55.5	3,930
*FRASER (68%)	1984	11.8	615.0	572.3	535.8	467.2	39.1	3,700
	1983	7.2	496.7	466.3	474.9	416.5	94.9	3,620
NORTHWOOD PULP AND TIMBER (50%)	1984	(7.0)	363.4	181.7	577.2	54.7	—	2,400
	1983	(11.9)	321.5	160.8	584.9	66.6	—	2,450
MACMILLAN BLOEDEL (49%)	1984	(0.9)	2,127.6	1,061.7	1,912.0	631.5	—	14,800
	1983	(3.3)	2,044.1	1,020.0	1,975.5	629.9	—	16,270
*OTHER	1984	(0.9)	109.7	109.7	36.5	36.5	2.6	280
	1983	(1.4)	125.3	125.3	42.8	42.8	1.8	280
TOTALS	1984	28.4	3,568.6	2,155.4	3,397.1	1,525.5	107.4	24,880
	1983	3.8	3,312.4	1,978.0	3,381.3	1,459.0	152.2	26,550

MANUFACTURING

FINANCIAL—$ millions

		Earnings after Taxes	Sales		Average Net Assets Employed		Capital Expenditures	
		Noranda's Share	100%	Noranda's Share	100%	Noranda's Share	Noranda's Share	Employees
*TORONTO GROUP	1984	9.8	682.7	682.7	501.9	501.9	18.0	5,690
	1983	5.6	669.7	669.7	482.6	482.6	31.6	5,720
*MONTREAL GROUP	1984	2.5	287.0	244.7	112.2	96.8	4.3	2,220
	1983	(0.9)	261.5	238.2	129.4	97.3	3.4	2,100
*CLEVELAND GROUP	1984	7.0	670.7	670.7	825.4	825.4	22.4	2,540
	1983	10.5	553.5	553.5	747.5	747.5	25.5	2,840
TOTALS	1984	19.3	1,640.4	1,598.1	1,439.5	1,424.1	44.7	10,450
	1983	15.2	1,484.7	1,461.4	1,359.5	1,327.4	60.5	10,660

*Before borrowing costs

FOREST PRODUCTS

PRODUCTION

		Lumber MMfbm	Panel Products MM sq. ft. 1/16"	Market Pulp (000 tonnes)	Newsprint & Paper (000 tonnes)	Container-board (000 tonnes)
JAMES MACLAREN INDUSTRIES	1984	16	722	107	154	—
	1983	18	796	109	148	—
FRASER	1984	74	—	60	458	29
	1983	56	—	3	439	28
NORTHWOOD PULP AND TIMBER	1984	695	2,407	350	—	—
	1983	617	2,175	367	—	—
MACMILLAN BLOEDEL	1984	846	3,388	358	718	619
	1983	822	3,454	369	788	499
TOTALS	1984	1,631	6,517	875	1,330	648
	1983	1,513	6,425	848	1,375	527
NORANDA'S SHARE	1984	835	3,615	500	813	328
	1983	772	3,606	479	818	267

MANUFACTURING

PRODUCTION

			Metal Consumption (tons)
TORONTO GROUP	Canada Wire	1984	111,800
		1983	99,700
MONTREAL GROUP	Noranda Metal	1984	42,000
		1983	34,500
			Primary Aluminum Produced (tons)
CLEVELAND GROUP		1984	238,500
		1983	167,000

		Prime Product Shipped (tons)
NORCAST	1984	31,200
	*1983	28,700
ALUMINUM	1984	269,200
	1983	217,100

*Restated to exclude shipments from Scoudouc which was disposed of in April, 1984.

ACCOUNTING POLICIES

Basis of presentation of financial statements:

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in Canada and include, the accounts of Noranda Inc. (the Company) and all of its subsidiaries (Noranda). Interests in associated companies in which it has significant influence but not majority share ownership are accounted for on the basis of cost plus equity in undistributed earnings since the dates of investment. The difference between the cost of the shares of associated companies and the underlying net book value of the assets is amortized over the life of the assets to which the difference is attributed.

Certain subsidiary and associated companies own shares in the Company. The Company's pro rata interest in the carrying value of such shares has been deducted from shareholders' equity. Similarly, the Company's earnings per share have been calculated on the number of shares outstanding after reduction for such intercompany holdings.

Translation of foreign currencies:

The accounts of self-sustaining foreign subsidiaries are translated using the current rate method, under which assets and liabilities are translated at the exchange rate prevailing at the year end, and revenues and expenses at average rates of exchange during the year. Gains or losses on translation are not included in the consolidated statement of earnings but are deferred and shown as a separate item in the shareholders' equity. Gains or losses on foreign currency balances and transactions that are designated as hedges of a net investment in self-sustaining foreign subsidiaries are reported in the same manner as translation adjustments.

The accounts of integrated foreign subsidiaries are translated as follows: monetary assets and liabilities at the exchange rate prevailing at the year end and revenues and expenses (other than depreciation) at average rates of exchange during the year. Non-monetary assets and liabilities are translated at historic rates of exchange. Long-term debt payable in foreign currencies is translated at the exchange rate prevailing at the year end with the resulting adjustment being amortized over the life of the debt. Exchange gains and losses arising on the translation of the accounts are included in consolidated earnings.

Inventories:

Mine products are valued at estimated realizable value and other inventories at the lower of cost (determined on a first-in-first-out or average cost basis) and replacement value.

Futures contracts:

From time to time, Noranda owns futures contracts for the purchase or sale of metals and currencies not related to production. These contracts are not reflected in Noranda's accounts, beyond the amount of deposit required, until maturity date although provision is made for any estimated unrealized losses.

Depreciation and mine development charges:

Depreciation of property, buildings and equipment and amortization of mine development expenditures are based on the estimated service lives of the assets calculated using the method appropriate in the circumstances, for the most part straight-line for fixed assets and unit of production for mine development.

Exploration:

Mineral exploration expenditures are charged against current earnings unless they relate to properties from which a productive result is reasonably certain or on which work is in process. Gains on sale or recoveries of costs previously written off are normally credited against exploration expense.

The Company follows the full cost method of accounting for oil and gas operations whereby all exploration and development costs are capitalized. Such costs include land acquisition cost, geological and geophysical expenses, rentals and related charges on undeveloped properties, costs of drilling productive and non-productive wells and direct overhead charges. These costs are accumulated on a country-by-country basis and are limited to the estimated value of future discounted revenues from production of proved reserves less costs for future developments.

Costs capitalized, except unproved property costs of significant undeveloped projects, are depleted using the unit-of-production method based upon estimated proved reserves as determined by Company engineers. Unproved property costs of major development projects as well as other costs of major development projects are not depleted until additional reserves are proved, the project is completed or an impairment in value has occurred.

Preproduction costs:

Preproduction costs including interest on major projects are deferred until the related facility achieves commercial production volume and are amortized on either a straight-line or a unit-of-production basis.

Income taxes:

Noranda follows the tax allocation method of accounting for income taxes. Under this method, timing differences between reported and taxable income result in provisions for taxes which are not currently payable. Such timing differences arise principally as a result of claiming depreciation, development, exploration and preproduction costs for tax purposes at amounts differing from those charged to reported income. Investment tax credits are reflected in earnings in the year of realization.

Interest:

Interest expense is charged to earnings except interest that can be identified with a major capital expenditure program.

Capital leases:

Noranda leases certain property, buildings and equipment under long-term capital leases which are recorded in the financial statements as fixed assets and long-term debt.

Pension costs:

Noranda has various contributory pension plans which cover substantially all employees. Current service pension costs are charged to earnings as they accrue. Past service costs are charged to earnings at rates which, based on annual independent actuarial estimates, will fully provide for the obligations over periods not longer than those permitted by various regulatory bodies.

CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS

EARNINGS

Years ended December 31	1984	1983 Restated—Note 3
	(in thousands)	
Revenue		
Sales	$ 3,386,617	$ 3,094,292
Investment income	13,461	11,906
	3,400,078	3,106,198
Expense		
Cost of production	2,589,314	2,412,121
Administration, selling and general	262,398	247,395
Depreciation ($200,891; 1983–$162,303) and amortization	263,360	224,125
Exploration	44,117	38,582
Interest–net (including interest on long-term debt of $232,312; 1983–$151,235)	233,706	168,523
	3,392,895	3,090,746
	7,183	15,452
Income and production taxes (note 9)	(4,345)	(7,234)
Minority interests in earnings of subsidiaries	12,450	9,673
	8,105	2,439
Earnings (loss) before the following	(922)	13,013
Share of losses in associated companies	(3,529)	(8,731)
Unusual items (note 12)		(28,985)
Loss	$ (4,451)	$ (24,703)
Loss per common share	$ (0.32)	$ (0.50)

RETAINED EARNINGS

	1984	1983
Balance, beginning of year, as restated (note 3)	$ 1,106,111	$ 1,221,836
Loss	(4,451)	(24,703)
	1,101,660	1,197,133
Dividends (note 8(f))	92,369	91,022
	1,009,291	1,106,111
Disposition of shares held by associated companies (note 8(g))	32,132	—
Balance, end of year	$ 1,041,423	$ 1,106,111

(See accompanying notes)

CONSOLIDATED BALANCE SHEET

ASSETS	(in thousands)	
Years ended December 31	**1984**	1983 Restated—Note 3
Current assets		
Cash and short-term notes	**$ 96,846**	$ 25,832
Marketable investments, at cost (quoted market value $83,296; 1983—$95,083)	**82,643**	87,223
Accounts, advances and tolls receivable	**718,708**	754,869
Inventories	**885,757**	945,530
	1,783,954	1,813,454
Investments in and advances to associated and other companies (note 4)	**1,263,926**	1,219,722
Fixed Assets		
Property, buildings and equipment, at cost	**4,565,559**	4,178,052
Accumulated depreciation	**(1,620,678)**	(1,459,359)
	2,944,881	2,718,693
Other assets (note 5)	**313,571**	254,355
	$ 6,306,332	$ 6,006,224

AUDITORS' REPORT

To the Shareholders of
Noranda Inc.:

We have examined the consolidated balance sheet of Noranda Inc. as at December 31, 1984 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of Noranda Inc. as at December 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles; such principles were applied, on a basis consistent with that of the preceding year except for the change by an associated company in its method of accounting for foreign currency translation and after giving retroactive effect to the change in accounting for oil and gas operations, both as explained in note 3 to the consolidated financial statements.

Toronto, Canada,
March 1, 1985.

Clarkson Gordon
Chartered Accountants

LIABILITIES

Years ended December 31	1984	1983 Restated—Note 3
	(in thousands)	
Current liabilities		
Bank advances (note 6(c))	**$ 348,377**	$ 192,138
Accounts payable	**601,803**	581,646
Taxes payable	**38,960**	38,339
Debt due within one year	**54,724**	49,429
	1,043,864	861,552
Deferred liabilities and revenues	**89,783**	82,904
Taxes provided not currently payable	**135,997**	204,229
Long-term debt (note 6(a))	**2,287,210**	2,061,810
Minority interests in subsidiaries	**145,896**	151,737
Shareholders' equity (note 8)		
Capital stock	**1,680,526**	1,662,370
Retained earnings	**1,041,423**	1,106,111
Company's pro rata interest in its shares held by subsidiary and associated companies	**(96,756)**	(133,870)
Currency translation adjustment (note 8(e))	**(21,611)**	9,381
	2,603,582	2,643,992
Commitments and contingencies (note 7)		
	$ 6,306,332	$ 6,006,224

(See accompanying notes)

On behalf of the Board

Alfred Powis

A. Powis, Director

W.P. Wilder

W.P. Wilder, Director

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

Years ended December 31	(in thousands)	
	1984	1983 Restated—Note 3
Funds from (to) operations:		
Loss	**$ (4,451)**	$ (24,703)
Depreciation and amortization	**263,360**	224,125
Deferred exploration written off	**4,860**	—
Taxes provided not currently payable	**(58,496)**	(94,074)
Minority interests in earnings of subsidiaries	**12,450**	9,673
Losses of associated companies net of dividends received	**14,235**	8,001
Mining properties write-down	**—**	94,546
	231,958	217,568
Funds from (to) operating working capital:		
Change in accounts, advances and tolls receivables	**36,160**	(42,846)
Change in inventories	**59,773**	18,322
Change in accounts and taxes payable	**20,778**	81,004
	116,711	56,480
Uses of funds:		
Fixed asset additions	**433,073**	396,578
Deferred expenditures	**80,297**	39,923
Investments and advances	**27,088**	118,401
Dividends–shareholders	**92,369**	91,022
–minority shareholders of subsidiaries	**11,531**	6,526
Payment of debt	**73,751**	79,815
	718,109	732,265
Financing required	**369,440**	458,217
Sources of financing:		
Issue of common shares	**18,156**	3,850
Long-term financing	**256,200**	383,888
Fixed asset disposals	**12,313**	47,025
Investment disposals	**7,800**	—
Other	**(6,415)**	3,774
	288,054	438,537
Effect of exchange rate changes	**(8,419)**	(5,595)
Increase in bank advances less cash, short-term notes and marketable investments	**$ 89,805**	$ 25,275

(See accompanying notes)

December 31, 1984

1. Accounting Policies
The principal accounting policies followed by Noranda are summarized under the caption "Accounting Policies".

2. Name Change
During the year the Company's name was changed from Noranda Mines Limited to Noranda Inc.

3. Changes in Accounting Policies
(a) In 1984 the Company changed its method of accounting for the exploration and development costs of its oil and gas operations from the successful efforts method to the full cost method. This change has been applied retroactively and accordingly the previously reported consolidated balance sheet at December 31, 1983 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended have been restated. The effect of this change is to increase earnings by $7,041,000 and $9,896,000 for the years 1984 and 1983 respectively. The effect of this change on the consolidated balance sheet is to increase the balance of retained earnings at January 1, 1983 by $34,273,000 and to increase the balances of fixed assets after depletion by $72,497,000 and deferred taxes by $28,328,000 at December 31, 1983.

(b) In 1984, MacMillan Bloedel Limited, an associated company carried on an equity basis, changed its method of accounting for foreign currency translation in accordance with the methods recommended by the Canadian Institute of Chartered Accountants. The effect of this change which was applied prospectively from January 1, 1984 is to increase earnings of the Company in the current year by $7,136,000.

4. Investments
(a) Investments in and advances to associated and other companies consist of:

	Noranda's Beneficial Interest	Carrying Value 1984	Carrying Value 1983
		(in thousands)	
Associated companies carried on an equity basis—			
Brenda Mines Ltd.	49%	**$ 13,031**	$ 17,388
Craigmont Mines, Limited	20%	**968**	1,303
Frialco/Friguia Guinean Consortium	20%	**19,090**	18,036
Kerr Addison Mines Limited	49%	**63,022**	49,521
MacMillan Bloedel Limited	49%	**617,548**	645,537
Northwood Forest Industries Limited	50%	**57,239**	64,239
Pamour Porcupine Mines, Limited	49%	**1**	3,600
Placer Development Limited	31%	**177,475**	118,143
Tara Exploration and Development Company Limited	49%	**59,014**	52,081
Associated manufacturing companies		**55,004**	55,770
Other companies		**78,293**	71,107
		1,140,685	1,096,725
Other investments and advances, at cost—			
Shares		**117,044**	117,214
Advances		**6,197**	5,783
		$1,263,926	$1,219,722

(b) Included above are shares carried at a book value of $966,342,000 which had a quoted market value of $968,028,000 at December 31, 1984 ($922,688,000 and $1,119,061,000, respectively, at December 31, 1983). The latter amount does not necessarily represent the value of these holdings which may be more or less than that indicated by market quotations.

December 31, 1984

(c) Summarized financial information for MacMillan Bloedel Limited as at December 31, 1984 and 1983 and for the years then ended is as follows:

Financial Position—	1984	1983
		(in thousands)
Net assets employed		
Current assets	$ 739,800	$ 673,900
Deduct current liabilities	241,500	250,600
Operating working capital	498,300	423,300
Investments and other assets	179,300	191,200
Property, plant and equipment	1,318,400	1,235,600
	$1,996,000	$1,850,100
Invested capital		
Interest-bearing indebtedness	$ 220,500	$ 229,100
Long-term liabilities	696,800	546,500
Deferred income taxes	72,200	79,000
Deferred revenue	19,000	22,000
	1,008,500	876,600
Shareholders' equity	987,500	973,500
	$1,996,000	$1,850,100
Statement of earnings—		
Sales of products and services	$2,127,600	$2,044,100
Costs and expenses	2,060,400	2,003,600
Operating earnings	67,200	40,500
Interest expense	(88,900)	(80,800)
Other income	22,900	37,000
Income tax recovery	18,100	27,200
Net earnings	$ 19,300	$ 23,900

5. Other Assets

	1984	1983
		(in thousands)
Deferred preproduction and mine development	$ 214,690	$ 164,385
Deferred exploration	46,503	46,910
Other	52,378	43,060
	$ 313,571	$ 254,355

6. Debt

(a) **Long term debt**	1984	1983
		(in thousands)
Noranda Inc.		
9.75% sinking fund debentures due 1994	$ 32,310	$ 32,410
7.50% sinking fund debentures due 1988	14,812	15,703
9.25% sinking fund debentures due 1990	27,892	28,852
Notes payable and revolving term loans (including $466,000 U.S.; 1983–$273,470 U.S.) (note 6(b))	988,920	845,331
Variable rate serial debentures due 1986-1990	140,000	140,000
Noranda Aluminum Inc.		
10.50% secured notes due 1995 ($53,600 U.S.; 1983–$58,000 U.S.)	70,827	72,175
9.75% note due 1987 ($15,000 U.S.; 1983–$26,250 U.S.)	19,821	32,665
9.75% note due 1985 ($3,333 U.S.; 1983–$13,333 U.S.)	4,404	16,591
Phase I and III pollution bonds due 2002 ($45,000 U.S.; 1983–$45,000 U.S.)	59,463	55,998
8% pollution control revenue bonds due 2001 ($10,500 U.S.; 1983–$10,500 U.S.)	13,875	13,066
Capital lease—5.90% industrial revenue bonds, sinking fund issues, maturing to 1993 ($45,620 U.S.; 1983–$50,345 U.S.)	60,282	62,649
Noranda Finance Inc.		
10% note payable due 1988 ($30,000 U.S.; 1983–$30,000 U.S.)	39,642	37,332
Revolving term loans due 1985 to 1988 ($152,275 U.S.; 1983–$126,156 U.S.)	201,216	156,988
Brunswick Mining and Smelting Corporation Limited		
5.85% first mortgage sinking fund bonds series A due 1986	1,052	1,052
7.25% general mortgage sinking fund bonds, series A due 1987	3,478	4,249
11% general mortgage sinking fund bonds, series B due 1996	16,637	17,332
Fraser Inc. (note 6(d))		
6.125% sinking fund debentures due 1985 to 1987 ($2,250 U.S.; 1983–$3,000 U.S.)	2,974	3,733
10.75% sinking fund debentures due 1985 to 1992 ($25,680 U.S.; 1983–$28,010 U.S.)	33,941	34,856
Revolving term loan due 1987 convertible to a term loan due 1998 (includes $62,000 U.S.; 1983–$164,000 U.S.)	272,751	262,189
Notes payable due 1985–1989	13,754	12,483

	1984	1983
		(in thousands)
James Maclaren Industries Inc.		
5.75% sinking fund debentures due 1987	**$ 6,753**	$ 6,753
Bank Loan due 1986–1988	**14,670**	14,978
Canada Wire & Cable Limited		
Bank Notes due 1985–1992 (including $152,220 U.S.; 1983–$138,065 U.S.)	**246,226**	198,553
Carol Cable Company, Inc.		
Variable rate industrial revenue bonds, due 1986 to 1989 ($21,105 U.S.; 1983–$16,259 U.S.)	**27,888**	20,041
Sundry indebtedness	**28,346**	25,260
	2,341,934	2,111,239
Debt due within one year	**54,724**	49,429
Total	**$2,287,210**	$2,061,810

Maturities of long-term debt are as follows:
1986–$573,795; 1987–$561,568; 1988–$395,887; 1989–$159,801 and subsequent $596,159.

(b) Notes payable with maturities in 1985 and revolving term loans have been classified as long-term debt as a result of unconditional commitments the Company has received from its bankers for contractual term credits of $988,920,000 expiring from June 30, 1986 to December 31, 1989.

(c) Inventory held by a subsidiary has been pledged as collateral for bank advances of $22,000,000 to that company.

(d) As collateral for Fraser Inc.'s sinking fund debentures there is a floating charge over its assets. Also, as collateral for Fraser Inc.'s revolving term loan certain assets have been assigned and a second floating charge on the remaining assets has been provided.

(e) Interest capitalized on major capital expenditures amounted to $31,000,000 (1983—$21,000,000).

7. Commitments and Contingencies

(a) Approved capital projects and financing commitments outstanding total approximately $590,000,000 at December 31, 1984 extending over three years.

(b) Noranda has guaranteed or was contingently liable for repayment of loans of associated companies to the extent of approximately $45,000,000 at December 31, 1984.

(c) As at December 31, 1984 some of Noranda's pension plans are underfunded by approximately $28,500,000 and others are overfunded by approximately $87,000,000. Because of this overfunding, contributions of approximately $16,100,000 (1983—$20,000,000) which otherwise would be required to fund the pension rights being currently earned have not been made.

(d) Lawsuits have arisen which could affect the Company's interest in the Hemlo property. The prospectors who have an interest in the Hemlo property have sued seeking a declaration that their interest in the deposit is equal to 15% of profits after capital payback, whereas the Company maintains their interest is 7½% of profits. No trial date has been set for this action and the Company believes its position is well supported.

In February, 1984 the contractor at the Hemlo project abandoned the job. The contractor has issued a writ against the Company claiming damages for breach of contract in the amount of $20,000,000. The Company has claimed damages from the contractor's bonding company for the contractor's failure to perform in the amount of $52,000,000. Approximately 80 claimants placed liens against the Hemlo property in related actions. The Company believes it will prevail on the breach of contract issues and no trial date has been set in these actions. There remains approximately $4,200,000 worth of liens against the project which the Company believes will be settled. Marketable securities valued at $11,000,000 have been pledged to the Supreme Court of Ontario pending resolution of these matters.

December 31, 1984

8. Shareholders' Equity

(a) **Capital stock—**

	1984	1983
	(in thousands)	
Authorized:		
13,576,493 Preferred shares		
200,000,000 Common shares		
Issued:		
Series A 9½% Preferred shares	**$ 358,327**	$ 358,327
Common shares	**1,322,199**	1,304,043
	$1,680,526	$1,662,370

(b) **Authorized capital—**
Of the authorized 13,576,493 Preferred shares, the Company has designated 3,601,493 as 9½% cumulative redeemable convertible preferred shares Series A. Each of these shares is convertible into 2.75 common shares until June 15, 1987. Shareholders may require the Company to redeem shares at par on September 15, 1986 by tendering such shares to the Company on or before September 4, 1986.

(c) **Summary of common share transactions for the year—**

	Shares	Amount
		(in thousands)
Common shares issued, beginning of year	**127,488**	$1,304,043
Stock option plan	**18**	333
Stock dividends	**729**	14,897
Share purchase plan	**144**	2,926
Common shares issued, end of year	**128,379**	$1,322,199
Company's pro rata interest in its shares held by subsidiary and associated companies	**7,200**	86,992
Net shares	**121,179**	$1,235,207

During the year the Company purchased 245,300 common shares for cancellation and subsequently issued the same number of shares as flow through shares to finance mineral exploration in Canada.

The earnings per share calculations have been based on the weighted average number of shares outstanding of 120,290,200 in 1984 and 117,785,920 in 1983.

(d) **Preferred shares—**
Of the 3,583,265 preferred shares outstanding at December 31, 1984, 329,056 are held by associated companies. The Company's pro rata interest of $9,764,000 in those shares has been deducted from shareholders' equity.

(e) **Currency translation adjustment—**
The following is a summary of the changes in the currency translation adjustment account:

	1984	1983
	(in thousands)	
Balance, beginning of year	**$9,381**	$11,000
Net effect of foreign currency translation	**708**	(1,619)
Share of MacMillan Bloedel currency translation adjustment account	**(31,700)**	—
Balance, end of year	**$(21,611)**	$ 9,381

(f) **Summary of dividends—**

	1984	1983
	(in thousands)	
During the year the following dividends were declared:		
Common	**$63,807**	$63,718
Preferred	**34,041**	34,041
Total	**97,848**	97,759
Less the Company's pro rata share of dividends paid to subsidiary and associated companies	**5,479**	6,737
Net charge to retained earnings	**$92,369**	$91,022

(g) **Disposition of shares held by associated companies—**
During the year shares held by associated companies were sold and contributed surplus representing the excess of the proceeds on sale over the amount of the Company's pro rata interest in these shares has been included in retained earnings for financial statement presentation purposes.

(h) **Stock options—**
During the year ended December 31, 1984, 18,415 shares were issued under the Company's stock option plan for $333,334 and options on 4,525 shares were cancelled. At December 31, 1984 options on 866,808 shares were outstanding exercisable at prices varying from $8.34 to $22.91 for periods up to 1989.

(i) **Share purchase plan—**
Under the Company's share purchase plan, shares are sold to a trustee for resale to employees financed by an interest-free loan from the Company. At December 31, 1984, the amount of the loan included in accounts receivable was $13,860,820.

(j) **Purchases for cancellation—**
Shareholders have the right to receive either cash dividends or the equivalent in common shares. Under an exemption order of the Ontario Securities Commission the Company may purchase for cancellation on an annual basis through the facilities of the Toronto Stock Exchange a number of common shares approximately corresponding in number to the common shares issued by it as stock dividends, subject to certain conditions. During 1984, 729,000 shares were issued as stock dividends and no shares were purchased for cancellation.

9. Income Taxes

The provision for income and production taxes differs from the amount that would have been computed by applying statutory income tax rates to earnings before losses in associated companies and unusual items. The difference arose for the following reasons:

	1984	1983
	(in thousands)	
Income before taxes, losses in associated companies and unusual items	**$ 7,183**	$ 15,452
Provision based on combined federal and composite provincial rate of 49.7% (1983–50.4%)	**$ 3,570**	$ 7,788
Increase (decrease) in taxes resulting from:		
Inventory allowance	**(6,486)**	(9,284)
Resource and depletion allowance	**(38,353)**	(32,300)
Royalties and mineral taxes	**50,516**	38,143
Investment tax credits	**(12,985)**	(6,558)
Other	**(607)**	(5,023)
Income tax provision (recovery)	**$ (4,345)**	$ (7,234)

10. Related Party Transactions

The following summarizes the related party transactions during the year between Noranda and associated companies.

(a) Sale of goods and services, consisting primarily of sales commissions and sales of lumber at market prices on normal trade terms amounted to $73,669,000 and gave rise to accounts receivable at December 31, 1984 of $13,964,000 (1983–$61,676,000 and $4,559,000 respectively).

(b) Purchase of goods and services, consisting primarily of commissions on forest product sales and purchases of alumina at market prices on normal trade terms amounted to $100,138,000 and gave rise to accounts payable at December 31, 1984 of $29,984,000 (1983–$69,271,000 and $9,371,000 respectively).

(c) Noranda and associated companies participate in a short-term investment pool, which gave rise to accounts receivable of $17,010,000 and accounts payable of $3,420,000 at December 31, 1984 (1983–$10,740,000 and $545,000 respectively). Interest charges and credits are calculated at market rates.

11. Business Segment Information

Noranda operates in four industry segments: production of primary materials including copper, zinc, lead, silver, molybdenum, and related metallurgical operations, phosphates and potash; oil and gas production; manufacturing of brass mill products, wire and cable, iron foundry products, wire rope, plastic pipe, primary aluminum and aluminum sheet, extrusions and building products; forest products of every kind. Inter-segment sales and purchases are made at market prices on normal trade terms.

Operations and identifiable assets by geographic area and industry segment are presented below:

(a) **Geographical areas**	1984	1983 Restated —Note 3
		(in thousands)
Revenue:		
Canada—domestic	**$1,129,902**	$1,157,643
—export	**845,159**	687,206
	1,975,061	1,844,849
U.S.A.	**1,425,017**	1,261,349
Total	**$3,400,078**	$3,106,198
Segment operating profit (loss):		
Canada	**$ 233,458**	$ 205,563
U.S.A.	**7,431**	(21,588)
Total	**$ 240,889**	$ 183,975
Identifiable assets:		
Canada	**$4,490,783**	$4,306,798
U.S.A.	**1,636,060**	1,586,371
	6,126,843	5,893,169
Cash and marketable investments	**179,489**	113,055
Total	**$6,306,332**	$6,006,224

(b) **Industry segments**		
Revenue:		(in thousands)
Metals and minerals	**$1,014,392**	$ 961,471
Oil and gas	**117,937**	103,332
Manufacturing	**1,566,818**	1,435,326
Forest products	**822,082**	726,163
	3,521,229	3,226,292
Inter-segment sales	**(134,612)**	(132,000)
Investment income	**13,461**	11,906
Total	**$3,400,078**	$3,106,198
Revenue: (see note below)		
Metals and minerals	**$1,300,121**	$1,222,113
Oil and gas	**127,497**	112,116
Manufacturing	**1,598,117**	1,461,426
Forest products	**2,155,440**	1,978,000
Total	**$5,181,175**	$4,773,655

This table has been prepared including Noranda's share of revenues of associated companies accounted for on an equity basis.

December 31, 1984

	1984	1983 Restated —Note 3
	(in thousands)	
Segment operating profit:		
Metals and minerals	**$ 74,701**	$ 46,438
Oil and gas	**60,208**	54,876
Manufacturing	**37,423**	36,485
Forest products	**68,557**	46,176
Total segment operating profit	**240,889**	183,975
Income and production taxes	**4,345**	7,234
Minority interest	**(12,450)**	(9,673)
Share of losses in associated companies	**(3,529)**	(8,731)
Interest expense	**(233,706)**	(168,523)
Unusual items	**—**	(28,985)
Loss	**$ (4,451)**	$ (24,703)
Earnings (Loss) after taxes:		
Metals and minerals	**$ 58,788**	$ 63,678
Oil and gas	**6,867**	10,699
Manufacturing	**19,349**	15,190
Forest products	**28,402**	3,836
Earnings before borrowing cost	**113,406**	93,403
Less cost of borrowing (net of investment income and taxes)	**117,857**	89,121
	(4,451)	4,282
Unusual items	**—**	(28,985)
Loss	**$ (4,451)**	$ (24,703)
Total assets employed:		
Metals and minerals	**$2,222,484**	$2,241,404
Oil and gas	**476,928**	441,890
Manufacturing	**1,719,229**	1,564,007
Forest products	**1,725,933**	1,657,268
Inter-segment receivables/payables	**(17,731)**	(11,400)
	6,126,843	5,893,169
Cash and marketable investments	**179,489**	113,055
Total	**$6,306,332**	$6,006,224
Capital expenditures:		
Metals and minerals	**$ 191,235**	$ 119,789
Oil and gas	**89,730**	64,186
Manufacturing	**44,674**	60,457
Forest products	**107,434**	152,146
Total	**$ 433,073**	$ 396,578
Depreciation and amortization:		
Metals and minerals	**$ 109,588**	$ 102,586
Oil and gas	**46,474**	39,192
Manufacturing	**62,254**	47,877
Forest products	**45,044**	34,470
Total	**$ 263,360**	$ 224,125

12. Unusual Items (in thousands)
1983—During the year the Company recorded the following unusual items:

(a) Write-down of the carrying value of certain mining properties resulting in an after-tax charge to earnings of	**$(54,649)**
(b) Share of net after-tax gains of associated companies on disposal of assets	**13,122**
(c) Gain arising from the disposal of a portion of the company's investment in Placer Development Limited as a result of a dilution in interest following a common stock issue by Placer during the year	**12,542**
	$(28,985)

13. Reclassification of Comparative Figures
Certain of the comparative balances have been reclassified to conform to the presentation adopted in the 1984 consolidated financial statements. These reclassifications include offsetting reductions in accounts receivable and accounts payable to reflect on a net basis certain commodity trading transactions undertaken by Rudolf Wolff, a wholly owned subsidiary, on behalf of its customers.

14. Subsequent Events
Subsequent to the year-end, the Company has arranged for the sale of $150,000,000 variable rate serial debentures due 1988 to 1992. It is intended that the proceeds will be used to reduce short-term debt.

EFFECTS OF INFLATION
(Unaudited)

December 31, 1984

The accompanying statement attempts to show the effect of inflation on funds generated by Noranda's business, and is based on an approach recommended by a committee appointed by the Ontario government in 1977. The Statistics Canada price deflator index has been used in the calculations, and is a general index which may not reflect the full impact of inflation on costs of the company. However, the intent of the statement is to provide only a perspective.

		1984
Funds generated from operations (total from statement of changes in financial position)		**$231,958,000**
From this, deduct the funds required to pay for the original cost of productive assets (historical cost depreciation)		**263,360,000**
Which results in this shortage of funds, on a historical accounting basis		**(31,402,000)**
And to take into account the increase due to inflation in the cost of maintaining the business, the following funds should also be deducted		
to replace inventories at higher prices	$ 27,035,000	
for plant, machinery and equipment at higher prices	123,743,000	
	150,778,000	
Partly offsetting these requirements, additional funds may be available from borrowing if the debt-equity ratio is maintained	73,300,000	**77,478,000**
Which leaves an overall shortage of funds with nothing available from the year's operations for dividends or expansion		**$(108,880,000)**

This statement demonstrates that in 1984 $414 million ($263.4 million plus $150.8 million) should have been spent to maintain the business, given the level of inflation Canada has been experiencing. The company generated $232 million and could have borrowed $73 million which on this basis would have left a shortage of $109 million before any distribution to shareholders or expenditure on growth.

What in fact happened in 1984 was that we spent some $230 million on plant to maintain the business, $310 million on acquisitions and expansion of facilities and $104 million to pay dividends to shareholders. Operating working capital was reduced by $117 million and $405 million (net) had to be raised to help pay for these expenditures.

By this measure Noranda spent $410 million less than the amount calculated as being necessary to conserve working capital and to maintain the business. This erosion of the capital base must be recovered in subsequent years if the Company is to remain financially strong. A modest dividend, representing a 2.6% return on shareholders' equity, and the expansion expenditures came mainly out of borrowed funds. Consequently the debt to equity ratio deteriorated during the year.

OPERATING INTERESTS

METALS & MINERALS

ALPHA

Canada

Babine Mining Division Granisle, B.C.	*copper gold*
Boss Mountain Mining Division, Hendrix Lake, B.C.	*molybdenum*
Brenda Mines Ltd. (49%) Peachland, B.C.	*copper molybdenum*
Brenda Mines Ltd. (49%) Oil and Gas Division Calgary, Alta.	*oil and gas*
Central Canada Potash Colonsay, Sask.	*potash*
Goldstream Mining Division Revelstoke, B.C.	*copper, zinc, silver*

U.S.A.

Noranda Grey Eagle Mines Inc., California, U.S.A.	*gold and silver*
Noranda Lakeshore Mines, Inc., Arizona, U.S.A.	*copper*
Northland Gold Dredging Joint Venture (62%) Alaska, U.S.A.	*gold*
Hopewell Land Corporation Florida, U.S.A.	*phosphate*

BETA

Canada

Horne Division Noranda, Que.	*copper smelter*
CCR Division Montreal East, Que.	*copper refinery*
Mines Gaspé Division Murdochville, Que.	*copper smelter*
Chadbourne Division Noranda, Que.	*gold*
Les Mines Gallen Limitée (50%), Noranda, Que.	*zinc silver*

U.S.A.

Micro Metallics Corporation San Jose, California,	*processes electronic scrap*

DELTA

Canada

Brunswick Mining and Smelting Corporation Limited (64%)	
Smelting Division Belledune, N.B.	*lead smelter*
Mining Division Bathurst, N.B.	*zinc, lead, copper, silver*
Canadian Electrolytic Zinc Limited (90%) Valleyfield, Que.	*zinc refinery*
Federated Genco Limited (40%), Burlington, Ont.; Lachine, Que.	*metal alloyers*
Belledune Fertilizer Belledune, N.B.	*diammonium phosphate*
Heath Steele Mines (75% Little River Joint Venture) Newcastle, N.B.	*copper, zinc, lead, silver*
Matagami Division Matagami, Que.	*zinc, copper, silver*

GAMMA

Canada

Geco Division Manitouwadge, Ont.	*copper, zinc, silver*
Hemlo Division Marathon, Ont. (began operation February, 1985)	*gold*
Lyon Lake Division Ignace, Ont.	*zinc, copper, lead, silver*
Pamour Porcupine Mines, Limited (49%) Timmins, Ont.	*gold*
Mattabi Mines Limited (60%) Ignace, Ont.	*zinc, copper, silver*
Mining Corporation of Canada Limited South Porcupine, Ont.	*mine development*

KERR ADDISON MINES LIMITED (49%)

Canada

Kerr Addison Mines Limited Virginiatown, Ont.	*gold*
Anderson Exploration Ltd. (33%), Calgary, Alta.	*oil and gas*
Canadian Hunter Joint Venture (13%), Calgary, Alta.	*oil and gas*
Canadian Electrolytic Zinc Limited (10%) Valleyfield, Que.	*zinc refinery*

U.S.A.

American Hunter Joint Venture (8%) Denver, Colorado	*oil and gas*

TARA EXPLORATION LIMITED (49%)

Other Countries

Tara Mines Limited (75%) Republic of Ireland	*zinc, lead*

GRUPO INDUSTRIAL LAS CUEVAS, S.A. (49%)

Other Countries

Cia Minera Las Cuevas, S.A. de C.V. San Luis Potosi, Mexico	*fluorspar*
Fluorex S.A. de C.V. Juarez, Mexico	*hydrofluoric acid*

PLACER DEVELOPMENT LIMITED (31%)

Canada

Endako Mines Division Fraser Lake, B.C.	*molybdenum*
Equity Silver Mines Limited (70%), Houston, B.C.	*silver, gold, copper*
Gibraltar Mines Limited (72%) Williams Lake, B.C.	*copper, molybdenum*
Placer CEGO Petroleum Division, Calgary, Alta.	*oil and gas*

U.S.A.

Golden Sunlight Mines, Inc. Whitehall, Montana	*gold*
McDermitt Mine (51%) McDermitt, Nevada	*mercury*
Cortez Gold Mines (40%) Carling, Nevada	*gold*
Prairie Producing Company Houston, Texas	*oil and gas*

Other Countries

Kidston Gold Mines Limited (70%), Australia	*gold, silver*
Minera Real de Angeles S.A. de C.V. (34%), Mexico	*silver, lead, zinc*
Marcopper Mining Corporation (40%) Philippines	*copper*
Placer Holdings Pty. Ltd. Australia	*plywood, specialty lubricants*

OIL AND GAS

Canada

Canadian Hunter Exploration Ltd. (87%) Calgary, Alta.	*oil and gas*

U.S.A.

American Hunter Exploration Ltd. (85%) Denver, Colorado	*oil and gas*

MARKETING

Canada

Noranda Sales Corporation Ltd., Toronto, Ont.	*resource marketing*
Nutrite Inc. (50%) Montreal, Que.	*fertilizer marketing*

U.S.A.

Rudolf Wolff Futures Inc. New York, N.Y.; Chicago, Ill.	*futures broking*
Canadian American Metal Company (65%) New York, N.Y.	*resource trading*
Norcoal Company, Inc. (70%) Charleston, W. Virg.	*coal trading*
Noranda Sales Inc. Cleveland, Ohio	*resource marketing*

Other Countries

Noranda Sales Corporation of Canada Limited London, England	*resource marketing*
Rudolf Wolff Group London, England; Zurich, Switzerland; Hamburg, West Germany; Tokyo, Japan.	*commodity broking*

OPERATING INTERESTS

FOREST PRODUCTS

FRASER INC. (68%)
Edmundston, N.B.
Canada

Atholville, Kedgwick, Edmundston, Plaster Rock, N.B.; Thorold, Ont.	*boxboard, lumber, pulp and paper*
Island Paper Mills Limited (50%) New Westminster, B.C.	*fine paper*
U.S.A.	
Fraser Paper Limited Madawaska, Maine	*paper*
J. Paul Levesque & Sons, Inc. (50%) Ashland, Maine	*lumber*

JAMES MACLAREN INDUSTRIES INC. Buckingham, Que.
Canada

Buckingham, Masson, Thurso, High Falls and Lac-des-Iles, Que.	*newsprint, pulp, lumber, particle-board and hydro power*
Maniwaki Forest Products Inc. (80%) Maniwaki, Que.	*lumber, veneer, flooring*
Normick Perron Inc. (32%) La Sarre, Beattyville, Amos and Senneterre, Que.; Kirkland Lake and Cochrane, Ont.	*lumber, plywood, waferboard and newsprint*

MACMILLAN BLOEDEL LIMITED (49%)
Vancouver, B.C.
Canada

Powell River, Port Alberni, Nanaimo, Chemainus, Vancouver and New Westminster, B.C.; Hudson Bay, Sask.; Nipigon, Thunder Bay and Sturgeon Falls, Ont. (22 sales offices and distribution centres)	*lumber, plywood, waferboard, particle-board, pulp, paper, newsprint, hardboard, siding*
Island Paper Mills Limited (50%) New Westminster, B.C.	*fine paper*
MacMillan Bathurst Inc. (50%) Mississauga, Ont. (14 plants)	*corrugated containers*
U.S.A.	
Pine Hill, Ala.; Edenton, N.C.; Elmira, N.Y.; Jersey City and Union, N.J.; Odenton, Maryland; Cleveland, Ohio; Chicago and Rock Island, Ill.; Little Rock, Arkansas; Magnolia, Miss.; Houston, Texas; Nashville, Tennessee. (12 sales offices and distribution centres)	*liner board, medium, lumber, plywood and corrugated containers*
Other Countries	
MacMillan Smurfit SCA Limited (50%) U.K. (13 plants)	*corrugated containers*
Koninklijke Nederlandse Papierfabrieken N.V. (41%) Holland and Belgium	*paper and packaging*
Embrasca-Empreendimentos Florestais e Agricolas Ltda. Brazil	*lumber*

NORTHWOOD PULP AND TIMBER LIMITED (50%)
Prince George, B.C.
Canada

Prince George, Houston, Shelley and Upper Fraser, B.C.; Chatham, N.B.	*lumber, pulp, waferboard and plywood*
B.C. Chemicals Ltd. (50%) Prince George, B.C.	*chlorate and tall oil*
U.S.A.	
Northwood Panelboard Company Bemidji, Minn.	*waferboard*

NORTHWOOD MILLS LTD.
Toronto, Ont.
Canada

Brampton, Ont.; Langley, B.C.; Edmonton and Calgary, Alta.; Winnipeg, Man.; Boucherville and St. Augustin, Que.; Moncton, N.B.; Halifax, N.S.	*forest products marketers*
Other Countries	
Northwood Mills of Canada Limited Cardiff, Wales; Warrington, England.	*forest products marketers*

OPERATING INTERESTS

MANUFACTURING

TORONTO GROUP

Canada

Canada Wire and Cable Limited Toronto, Fergus, Simcoe, Orangeville, Ont.; Montreal, Quebec City, Que.; Winnipeg, Man.; Weyburn, Sask.; New Westminster, B.C. (5 distribution centres)	*copper rod, wire and cable*
Grandview Industries Rexdale (Toronto), Brampton, Ont.; Weyburn, Sask.; Langley, B.C. (sold December, 1984)	*plastic moulding and extrusion*
Argo Plastics Brampton, Ont.	*plastic compounder*
Canplas Industries Ltd. (35%) Barrie, Ont.; New Westminster, B.C.	*plastic moulding*

U.S.A.

Carol Cable Company, Inc. Warren Lincoln, Central Falls, Pawtucket, R.I.; Manchester, N.H.; New Bedford, Taunton and Williamstown, Mass.; River Grove, Ill.; Rancho Dominguez, Cal.	*wire and cable*
Miller Electric Company Woonsocket, R.I.	*custom electrical cord sets*
Canada Wire and Cable, Inc. Los Angeles, Cal.	*wire and cable distribution*

Other Countries

Canada Wire and Cable (International) Limited associates: –Alambres Dominicanos Dominican Republic –Fadaltec Columbia –Iconel Venezuela –Conductores Monterey, S.A., Mexico –Irish Cable and Wire Republic of Ireland –Nigerchin Electrical Development Co. Nigeria –Transage South Africa	*wire, cable and other products*

MONTREAL GROUP

Canada

Wire Rope Industries Ltd. (51%) Pointe Claire, Que.; Halifax, N.S.; Vancouver, B.C. (13 service centres)	*steel wire ropes, strands and slings, fishing nets, trawl warps and industrial cordage*
Noranda Metal Industries Limited Montreal East, Que.; Fergus, Ont.; New Westminster, B.C.	*copper and alloys, strip rod and tube, secondary metals*
Norcast Inc. (60%) Mont Joli, Que.; New Liskeard, Ont.	*castings, liners, media and conveyances for the mining industry*
Nor-Sand Metals Inc. (50%) Arnprior, Ont.	*high nickel and stainless steel tube*

U.S.A.

Wire Rope Industries Inc. Seattle, Washington	*fishing nets, trawl warps and industrial cordage*
Bridon American Corporation (49%) Wilkes Barre, Pa.	*hi-carbon wire, steel wire rope and strand*
Noranda Metal Industries Inc. Newtown, Conn.	*heat transfer tube and components*

CLEVELAND GROUP

U.S.A.

Noranda Aluminum, Inc. New Madrid, Mo.	*aluminum reduction, wire and cable*
Norandal U.S.A., Inc. Huntington, Tenn.; Scottsboro, Ala. (Scottsboro acquired February, 1985)	*aluminum sheet and foil*
Norandex Inc. Cleveland, Ohio; Chicago, Ill. (57 distribution centres)	*aluminum building products*

DIRECTORS
(Year of election in brackets)

J.W. Bird, (1983)
President and General Manager
J.W. Bird and Company Limited
Fredericton

*Jack L. Cockwell, (1981)
Executive Vice-President, Brascan, Toronto

James C. Dudley, (1970)
Chairman, Dudley & Wilkinson, New York

*J. Trevor Eyton, Q.C., (1981)
President and Chief Executive Officer, Brascan, Toronto

Brian Flemming, Q.C., (1981)
Partner in the legal firm of Stewart MacKeen & Covert, Halifax

*Pierre Lamy, (1981)
Economic and Financial Consultant, Montreal

Paul M. Marshall, (1981)
President and Chief Executive Officer, Westmin Resources, Calgary

David E. Mitchell, O.C., (1973)
President and Chief Executive Officer, Alberta Energy Company, Calgary

*André Monast, Q.C., (1966)
Partner in the legal firm of Stein, Monast, Pratte & Marseille, Quebec

Donald S. McGiverin, (1980)
Governor, Chairman and Director, Hudson's Bay Company, Toronto

*W. Darcy McKeough, (1979)
Chairman, President and Chief Executive Officer, Union Enterprises, Chatham

Fernand Paré, (1981)
President and General Manager, La Solidarité, Compagnie d'assurance sur la vie, Quebec

*Alfred Powis, O.C., (1964)
Chairman and Chief Executive Officer, Noranda Inc., Toronto

Antoine Turmel, O.C., (1981)
Chairman and Chief Executive Officer, Provigo Inc., Montreal

H. Richard Whittall, (1982)
Vice-Chairman and Director, Richardson Greenshields of Canada Limited, Vancouver

*William P. Wilder, (1966)
Chairman, The Consumers' Gas Company, Toronto

Harold M. Wright, O.C., (1981)
Chairman, Wright Engineers, Vancouver

*Adam H. Zimmerman, (1974)
President and Chief Operating Officer, Noranda Inc., Toronto

*Member of the Executive Committee

Honorary Directors

A.O. Dufresne
L. Hébert
W. James
A.J. Little
L.G. Lumbers
T.H. McClelland
R.V. Porritt
J.D. Simpson
L.H. Timmins

OFFICERS

Alfred Powis,
Chairman and Chief Executive Officer

Adam H. Zimmerman,
President and Chief Operating Officer

E.K. Cork,
Senior Vice-President—Treasurer

D.H. Ford,
Senior Vice-President—Comptroller

J.A. Hall,
Senior Vice-President—Mines

K.C. Hendrick,
Senior Vice-President—Sales

J.O. Hinds,
Senior Vice-President—Exploration & Development

R.P. Riggin,
Senior Vice-President—Corporate Relations

William Allan,
Group Vice-President

A.G. Balogh,
Group Vice-President

J.M. Gordon,
Group Vice-President

J.C. White,
Group Vice-President

W.J. Barbour,
Vice-President—Investments

B.C. Bone,
Vice-President & Associate Treasurer

G.H. Corlett,
Vice-President—Business Services

W.G. Deeks,
Vice-President—Sales

P.L. Fowler,
Vice-President—Operations—Horne

F. Frantisak,
Vice-President—Environmental Services

D. Goldman,
Vice-President—Operations—C.C.R.

F.X. Koch,
Vice-President—Engineering & Construction

M. Lefebvre,
Vice-President—Operations—Mines Gaspé

Camille Marcoux,
Vice-President—Mines, Quebec

P.C. McLeod,
Vice-President—Operations—Geco

G.M. Penna,
Vice-President—Taxation

W.E. Stubbington,
Vice-President—Accounting Services

H.V. Thomson,
Vice-President—Corporate Relations

M.R. Toivanen,
Vice-President—Operations—C.E.Z.

B.H. Grose,
Secretary

L.J. Taylor,
Assistant Secretary

T.E. Phelps,
Assistant Treasurer

L.S. Tigert,
Assistant Treasurer

CHIEF OFFICERS OF SUBSIDIARIES AND MAJOR ASSOCIATES

I.D. Bayer,
President, Kerr Addison Mines

C.A. Born,
Chairman, President and Chief Executive Officer, Placer Development

J.P. Fisher,
Chairman and Chief Executive Officer, Fraser Inc.

C.W. Halstead,
President, Noranda Aluminum

R.L. Henry,
President, Noranda Metal Industries

R.T. Kenny,
President and Chief Executive Officer, James Maclaren Industries

J.A. Masters,
President, Canadian Hunter Exploration

B.T. Ness,
President, Canada Wire and Cable

H.G. Sander,
President, Northwood Pulp and Timber

R.V. Smith,
President and Chief Executive Officer, MacMillan Bloedel

*TEN YEAR FINANCIAL REVIEW**

($ in millions)

EARNINGS	1975	1976	1977	1978	1979	1980	1981	1982	1983	**1984**
Revenue	1,159.3	1,234.8	1,395.8	1,691.1	2,484.7	2,889.3	3,030.4	2,830.2	3,106.2	**3,400.1**
Expense—excluding interest	1,043.8	1,114.0	1,247.8	1,419.1	1,802.1	2,232.7	2,692.9	2,742.9	2,951.2	**3,159.2**
Interest expense	45.3	61.7	71.9	64.8	65.3	48.4	95.4	145.5	168.5	**233.7**
Income and production taxes	42.5	26.6	23.6	93.1	230.2	246.7	62.1	(60.2)	(7.2)	**(4.3)**
Minority interests in earnings of subsidiaries	10.1	10.1	12.6	24.8	57.2	28.9	9.1	6.5	9.7	**12.5**
Earnings (losses) of Noranda and subsidiaries	17.6	22.4	39.9	89.3	329.9	332.6	170.9	(4.5)	(16.0)	**(1.0)**
Share of earnings (losses) in associates	34.6	26.9	33.5	49.3	70.1	83.1	(1.5)	(74.7)	(8.7)	**(3.5)**
Earnings (loss)	52.2	49.3	73.4	138.6	400.0	415.7	169.4	(79.2)	(24.7)	**(4.5)**

FINANCIAL POSITION	1975	1976	1977	1978	1979	1980	1981	1982	1983	**1984**
Capital employed										
Working capital	188.0	197.5	167.3	281.6	687.4	821.5	867.0	1,041.7	951.9	**740.1**
Investments and advances	372.2	361.9	387.8	410.0	406.1	529.4	1,159.3	1,097.3	1,219.7	**1,263.9**
Fixed assets—net	812.6	866.7	911.7	979.6	1,265.5	1,578.2	2,085.7	2,556.0	2,718.7	**2,944.9**
Other assets	104.6	118.5	115.8	123.3	189.3	262.5	316.0	302.9	254.3	**313.6**
	1,477.4	1,544.6	1,582.6	1,794.5	2,548.3	3,191.6	4,428.0	4,997.9	5,144.6	**5,262.5**
Capital sources										
Shareholders' equity	701.0	722.5	767.5	897.6	1,481.9	2,027.0	2,900.0	2,740.2	2,644.0	**2,603.6**
Long-term debt	533.1	603.4	588.9	604.1	602.5	580.5	922.3	1,722.9	2,061.8	**2,287.2**
Minority interest in subsidiaries	114.4	120.3	128.2	150.9	194.0	199.0	210.2	147.3	151.7	**146.0**
Other	128.9	98.4	98.0	141.9	269.9	385.1	395.5	387.5	287.1	**225.7**
	1,477.4	1,544.6	1,582.6	1,794.5	2,548.3	3,191.6	4,428.0	4,997.9	5,144.6	**5,262.5**

CHANGES IN FINANCIAL POSITION	1975	1976	1977	1978	1979	1980	1981	1982	1983	**1984**
Sources										
From operations	130.6	88.7	150.0	227.2	616.3	585.2	318.8	128.8	217.6	**232.0**
Issue of shares and debt (net)	139.3	70.3	(10.1)	36.4	255.8	228.7	1,028.6	817.6	299.8	**195.3**
Other (net)	1.0	8.8	(3.1)	15.7	(21.2)	(16.4)	131.2	95.8	38.7	**(6.2)**
	270.9	167.8	136.8	279.3	850.9	797.5	1,478.6	1,042.2	556.1	**421.1**
Application										
Dividends	47.2	28.3	28.3	30.7	70.8	126.9	172.0	117.7	91.0	**92.4**
Capital expenditure—										
Fixed assets	161.9	120.4	123.7	124.0	295.3	308.2	614.1	677.8	396.6	**433.1**
Investments and advances (net)	31.0	(21.9)	7.3	(2.1)	(2.0)	(2.1)	573.3	29.1	118.4	**27.1**
Other, including acquisitions	25.7	31.6	7.6	12.5	81.0	230.3	73.7	42.9	39.9	**80.3**
Increase (decrease) in working capital	5.1	9.4	(30.1)	114.2	405.8	134.2	45.5	174.7	(89.8)	**(211.8)**
	270.9	167.8	136.8	279.3	850.9	797.5	1,478.6	1,042.2	556.1	**421.1**

*COMMON SHARES DATA***	1975	1976	1977	1978	1979	1980	1981	1982	1983	**1984**
Per share—$										
Earnings (loss)	0.73	0.70	1.04	1.97	4.77	4.13	1.37	(0.97)	(0.50)	**(0.32)**
Dividends	0.67	0.40	0.40	0.43	0.85	1.25	1.40	0.75	0.50	**0.50**
Market price range—$										
High	13.25	13.25	11.46	13.00	22.83	33.63	36.38	27.88	29.38	**27.50**
Low	9.08	8.79	6.54	6.88	12.13	22.13	19.38	11.38	18.88	**16.50**
Close	9.71	9.67	8.33	12.25	22.37	30.00	22.50	19.50	26.50	**17.25**
Common shares issued (000)	73,354	73,392	73,394	75,548	101,536	113,274	126,170	127,314	127,488	**128,379**
Preferred shares issued (000)	—	—	—	—	—	—	3,583	3,583	3,583	**3,583**

*1975-1983 restated to reflect the Company's change in method of accounting for exploration and development costs of its oil and gas operations.

**1975-1978 restated to reflect 3 for 1 split in August, 1979.

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